THE SOUTHWESTERN POLITICAL SCIENCE QUARTERLY

VOL. II DECEMBER, 1921 No. 3

CONTENTS

THE SIZE OF FARMS - - - - - - - - - - - A. B. Cox 203
THE FEDERAL TAX REVISION LAW OF 1921 - - E. T. Miller 223
DIVISION OF LATIN-AMERICAN AFFAIRS - - - - - - - - - - - - - - - - - - Edited by H. G. James 239
THE JUDICIAL DEPARTMENT IN THE LATIN-AMERICAN CONSTITUTIONS - - - - - - - - - - Ethel M. Crampton 239
NEWS AND NOTES - - - - - - - - - - - - - - - - 245
NEWS AND NOTES - - - - - - - - Edited by F. M. Stewart 256
BOOK REVIEWS - - - - - - - - - - - - - - - - - 274

PUBLISHED QUARTERLY BY
THE SOUTHWESTERN POLITICAL SCIENCE ASSOCIATION
AUSTIN, TEXAS

"Entered as second-class matter January 10, 1921, at the postoffice at Austin, Texas, under the Act of March 3, 1879."

THE
SOUTHWESTERN POLITICAL SCIENCE
QUARTERLY

VOL. II DECEMBER, 1921 No. 3

THE SIZE OF FARMS[1]

A. B. COX

Agricultural and Mechanical College of Texas

The discussions of facts and problems of land distribution have made but little appeal to the rank and file of people in the United States. Land has been so abundant compared to the amount of labor and capital goods at our disposal that it has always been thrown into the breach as a curative for our economic and social ills. The last great "chunk" of it has been thrown into the arena and divided. The population is still growing and capital is increasing at a great rate. The problems of readjustment of the factors of production will recur, therefore, and must be solved differently in the future.

Land is used in manufacturing for standing room, and is valuable primarily because of its situation. Land is significant in agriculture because of the amount demanded and the quality demanded. The amount of produce drawn from the land may be increased by expanding the area farmed, or by a more intensive use of land now in farms. The disappearance of free-land makes a resort to the latter alternative imperative. Land held in large tracts and used below

[1]This paper was read at the Second Annual Meeting of the Southwestern Political Science Association, at Austin, Texas, March 26, 1921. Professor Cox is chief of the Division of Farm and Ranch Economics in the Texas Agricultural Experiment Station.

its normal efficiency, will be more seriously called in question, which will in turn ultimately throw the burden of discussion on what is the proper size of farms.

The Term "Farm" Defined

The unit of land called a farm has been defined to mean many different things. The United States Census report for 1900 defined a farm to mean "all land under one management, used for raising crops and pasturing livestock . . . provided the entire time of at least one individual is devoted to its care." The chief purpose of this definition is to separate the agricultural population from all others. It purports to tell very little about the size of farms.

The problem of the size of farms has claimed the attention of the people for centuries. The English in discussing this problem have divided farms into four classes called large holdings, medium-sized holdings, small holdings, and allotments. The French have likewise had a great deal to say concerning the proper size of farms. They are concerned, however, mainly with only two groups, the large farms and the small farms. The Germans have five important divisions in their discussion, *gross besitz, gross bauerlich, mittel bauerlich, kleinbauerlich,* and *parzellen.* In the United States we think of farms as being large farms, family-sized farms, and small farms.

The above classifications are primarily quantitative; and such quantitative definitions are essentially neither economic nor social, though a great deal of discussion has centered around their social and economic significance. The very wide range of economic and social conditions under which land is held, the different qualities of the land, and the differences in the abilities of men, necessarily cause a very great difference in the number of acres in farms. In some regions 20 acres make a large farm, in other localities 160 to 320 acres are the normal sizes, in still other regions the averaged sized holdings are measured in terms of sections rather than in acres.

Socially and economically speaking, farms may be divided

into economic holdings and family farms. *The economic holding is that combination of labor, capital and enterpreneurship with that amount of land which yields the greatest net return to the operator.* It is the most efficient combination of land, labor, capital and managerial ability for the production of economic goods in agriculture. It means that if A has unusual ability as a manager, and that the total product in goods will be increased by B, C and D working as hired hands or tenants under A's management, then there should be one farm with A as manager. Socially considered, such a combination may not be the most desirable.

The term "family farm" is already extensively used in American agricultural economic literature, but unfortunately it is not always used with the same meaning. With some it means virtually a subsistence unit, and would be defined as that amount of land that would furnish a family subsistence. Mr. A. G. T. Moore speaking at the Southern Land Congress in 1918 at Savanah, Georgia, used a different combination of words, "the home maintenance unit," which, according to his description, means what most other writers mean when they speak of the "family farm." He would define "the home maintenance unit" as "that unit which will maintain a family in accordance with the prevailing standard of living." Professor G. F. Warren describes the family-farm as one of such a size that the family does most of the work with some hired help. Professor H. C. Taylor in his book on *Agricultural Economics*, says, "The question of the most desirable size of farms, when viewed from the standpoint of the most economic use of the productive energies of the country, is a matter of determining the point at which the advantages of the more efficient, general supervision as to crops, field-systems, intensity of culture, etc., are balanced by losses in execution of the details of the work with less skill and personal interest."

Professor Taylor's definition is purely economic, but he says also that: "The family farm is, for the present, at least, the farm to keep in mind in studying the economic problems of the manager." In fact, he is strongly of the opinion that

the family farm is productive of the best results both economically and socially.

Agriculture differs from other lines of industry in many respects, but in no respect more widely, perhaps, than in the fact that business and social life are peculiarly bound together. In most lines of industry, home life and business are effectively separated; in agriculture they seem inevitably bound together. The dwelling itself, or part of it, often serves as a storage house. In an emergency it may in turn become a hospital. To those who have had experience on the farm, the mere mention of cold, rainy nights with small chicks, pigs, or even calves before the kitchen fire will serve to recall familiar scenes. And even if in rare cases all these things are provided for outside the dwelling, they must be in immediate proximity to the dwelling. The farmer not only sleeps with his ear tuned to catch every peculiar sound coming from his barns and lots, but he may be found, frequently in the middle of the night, making his habitual round to see that all is well.

The proper conception of the significance of the family farm must take the fact of this peculiar combination into account. In accord with these facts, *the family farm may be defined as that sized farm which gives the best employment to the economic and social powers of every member of the family.* The farm which is so large that it absorbs all the time and thought of the farmer and his family to operate it to its most economic productive capacity is too large. That farm which is so small that, after all the essential community social duties have been performed, does not give the best employment to the economic powers of the family is too small. The ideal family farm then is one that will render the maximum income, and at the same time leave the family time to carry its community social responsibilities.

In the city where social life is built primarily around certain business relations, and the opportunities for making social contacts are broader, the family which immerses itself entirely in its business might be forgiven, but in the rural districts where social institutions are built, if built at all, around the people of a definite land area, such a family can not shirk community responsibility.

History of the Idea of the Size of Farms

The problem of the size of farms has been too little considered, not only by economists and sociologists, but by statesmen as well. The history of the older nations now in existence as well as those which have perished, illustrates very forcibly the tremendous significance of the question of the distribution of the land.

The early Romans saw it and tried through the Licinian codes to effect and maintain a proper distribution of land. But notwithstanding these commendable attempts to keep a fair distribution of the land, history shows that the land rapidly drifted into the hands of a few large holders.

The Gracchi saw the inevitable ruin prophesied by too great concentration of land in a few hands, and tried to stem the tide by a wholesale redistribution of the land. Their efforts failed, and very largely for two reasons, the opposition of the landlords, and the fact that the holdings, about 18 acres, were, in most cases, too small for practical operation. The result was that those who had little initiative drifted into the cities to make the rabble, and the best citizens among the farming classes found their way to Spain and other outlying provinces, and the once thriving agriculture of Italy vanished. The lands were turned into sheep walks and hunting preserves for the profit and pleasure of the few. When the barbarians broke through the outer walls of defense in the fifth and sixth centuries, they found Rome not only greatly depopulated of her former heroes, but the foundation of her life rotten to the core. Virgil said, "It is the widespread domains that have been the ruin of Italy and soon will be that of the provinces."

The division of land in the days of feudalism was made not so much for purposes of efficient production as for protective and political reasons. When governments were stabilized and the protective function of the lord removed the lower stratas of society began to pay their feudal dues with increasing reluctance. In order to safeguard their powers the landed proprietors began to take every precaution to

perpetuate their political positions and their estates. Property qualifications for voting, laws specially providing for primogeniture and entail were the more important provisions. J. B. McCulloch estimated that by 1800 one-half the land in Scotland was in entail.[1] Great effort was not only made to perpetuate existing estates, but conditions were made easier for their increase.

The prestige attached to land holding and the pride the English landlords took in their estates in this period of national development made them leaders in the development of scientific agriculture; and gave men like Arthur Young good reason for extolling the virtues of the English system of land holding.

The laws and customs of countries like France, Belgium, and Ireland, have tended to promote a wide distribution of the land, especially in so far as units for cultivation are concerned. Two radically different policies were the occasion for the great amount of discussion which took place in the latter part of the eighteenth and in the early part of the nineteenth century relative to the merits of large and small farms.

J. B. McCulloch in his eighteenth note in his "Notes and Dissertations" in his edition of "The Wealth of Nations" draws a vivid picture of the differences between large and small farms. Of large farms he says:

"In a country like England, on the contrary, where farms are extensive, where a highly improved system of husbandry is generally introduced, and the most powerful machinery is employed in field operations, a comparatively small proportion of the inhabitants is engaged in the cultivation of the soil. The rest are employed in manufactures, or in carrying the products of different districts to the place where they are in greatest demand. . . . The agriculturists do not spend their time in clumsy attempts to manufacture their clothes or implements; and the manufacturers cease to interest themselves about the raising of corn and the fattening of cattle. The power of exchange is the vivifying principle of industry. It encourages agriculturists to adopt the best

---

[1] J. B. McCulloch, *Wealth of Nations*, with Supplemental Dissertations (1838), p. 552.

system of cultivation, and to raise the largest crops. . . . But were a country generally divided into small farms, these effects would only be felt in a very limited degree. None, will presume to say, that the agriculture of France is nearly so advanced as that of England. . . . The superiority of our domestic economy over that of France consists chiefly in this single circumstance. We carry on a vastly superior system of husbandry with less than half the laborers they require to carry on theirs; so that the various articles of convenience and enjoyment produced by the laborers disengaged from agriculture, is so much clear gain, so much additional wealth; placed at our disposal, over and above what we should possess, were our lands subdivided like those of France."[1]

The available statistics show that the large farms spoken of in England consisted of from 200 to 500 acres or more. The small farms in France, according to McCulloch, consisted of from 5 to 40 acres. A farm in the mind of McCulloch was the amount of land the cultivation of which was under a single management, and not the size of the holdings.

In 1789 Arthur Young speaking of agriculture in France said, "Small properties much divided prove the greatest source of misery that can be conceived; and this has operated to such an extent and degree in France, that a law ought undoubtedly be passed to render all subdivision below a certain number of *arpents* (about an acre and a half) illegal." McCulloch continued the observation for his own day by saying: "How much more reason is there for coming to the same conclusion now, when most of the large estates which formerly existed in the country have been broken to pieces and the succession to the smallest patches regulated by the principle of equal division. Had an assembly been held for the express purpose of devising means by which France might most effectively be depressed and brought to the same hopeless situation of Ireland, it is not easy to see how they could have hit upon a scheme better calculated to effect their object, and to extinguish every germ of future improvement."[2]

---

[1] J. R. McCulloch, op. cit., p. 563.
[2] *Ibid.*, p. 562.

After describing vividly the conditions in the various countries of Europe McCulloch concluded by stating that:

"At all events, the expense of cultivation can not fail of being increased when farms are reduced below the proper size and there must of course be a reduction of rents, or a diminution of profits. . . . The agriculture of every country in Europe, in ancient and in modern times, has been prosperous or the reverse in proportion to the capital and skill of the actual cultivators of the soil. Indeed so inseparable is bad cultivation linked with tenants of an inferior description, that even in Scotland where the business of husbandry is now so well understood, it is the rarest thing imaginable to find a small farm of from 20 to 50 acres, that would not be a disgrace to the cultivators of a century ago."[1]

Of all the writers who have had occasion to discuss the problems of the size of farms the account of none is more interesting than that of the early critics of the classical ideas like M. de Sismondi, Joseph Kay and John Stuart Mill. These men were concerned primarily with the desirability and advisiability of a condition of wide-spread peasant proprietorship of small farms as a stimulus to production, industry, frugality, and improvement, over farming large acreages by lease as practiced almost exclusively in England.

Quoting Mr. Laing in Book II, chapter 6, Mill said: "If we listen to the large farmer, the scientific agriculturist, the (English) political economist, good farming must perish with small farms; the very idea that good farming can exist, unless on large farms cultivated with great capital, they hold to be absurd. Draining, manuring, economical arrangement, clearing the land, regular rotation, valuable stock and implements, all belong exclusively to large farms worked by large capital and hired labor." "This," he says, "reads very well but if we raise our eyes from their books to their fields and coolly compare what we see in the best districts farmed by small farms, we see, and there is no blinking the fact, better crops on the ground of Flanders, East Friesland, Holstein, in fact the whole line of the arable land of equal quality on the continent from the Sound to Calais, than we see on the line of the British coast opposite this line. Minute labor on

[1]J. B. McCulloch, op. cit., p. 563.

small portions of arable ground gives evidently, in equal soil and climate, a superior poductiveness, where these small portions belong in property to the farmer."[1] Mill's criticism was directed at the great English estates worked by hired labor or tenants, and not at farms operated by owners, even though the acreage be large.

In summing up the arguments advanced by various writers favoring peasant proprietors, Mill said: "The benefits of peasant proprietors are conditioned on their not being too much subdivided. . . . They are admirable when they are not too small; so small, namely, as not fully to occupy the entire time and attention of the family."[2] Mill would go further and recommend that the limit of subdivision should be set by the law. Mill's idea was evidently that of the family sized farm, though he never used the exact expression.

Mill and similar writers weighed other factors than mere productibility, for, says Mill, "The English peasant is cut off from the idea of property, . . . and becomes in consequence, spiritless, purposeless. . . The German bauer, on the contrary, looks on the country as made for him and his fellow-men. He feels himself a man, and has a *stake* in the country." Mill thought that land should play the double role of productive agent and national stabilizer. Land in his mind offered the greatest opportunity for a wide distribution of property, and the very distribution, if not carried to excess, would be a stimulus to production.

Present Attitude toward the Size of Farms in Europe

At present European nations feel the necessity of combining two purposes in the distribution of agricultural land. They feel the necessity of so ordering agriculture as to produce the greatest surplus possible. On the other hand they see the importance of having a more numerous population

---

[1] J. S. Mill, *Principles of Political Economy*, Book II, chapter 6, paragraph 3.

[2] *Ibid.*, paragraph 7.

with a "stake" in the country. In order to accomplish this double purpose they are attempting to limit excessive subdivision, and, where excessive subdivision has already taken place, as in Ireland, to consolidate and enlarge the holdings now too greatly scattered or small for efficient operation. Whether they are making a farm by uniting small strips or by subdividing a large estate their object is to give the man the proper sized farm, and have the man who works the land own it.

The well known experience of the English both at home and in Ireland in attempting to secure a better distribution of the land gives some idea of how intricate the problems are, and how careful must be the procedure in their solution. The accompanying tables show the size of farms in Germany in 1907 and Belgium in 1910, and suggest that excessive subdivision may present as many and as serious problems as large holdings.

SIZE OF FARMS IN GERMANY[1]—1907

Size of Groups	Per cent
Under 5 acres	58.2
5 and under 12½ acres	18.3
12½ and under 50 acres	18.0
50 and under 250 acres	5.0
Over 250 acres	0.5

SIZE OF FARMS IN BELGIUM[2]

Size of Groups	Per cent
Less than ⅛ of 1 acre	17.0
⅛ and under 1 acre	35.0
1 and under 5 acres	27.0
5 and under 25 acres	16.0
25 and under 50 acres	2.5
50 acres and above	2.5

The Size of Farms in the United States

The United States has probably done more to determine the size of farms in her dominions than any country in the

[1]V. L. Goetz, *Agrarwesen.*
[2]Imperial Belgium: Statistics.

world. Our land policy has changed greatly from time to time, but on the whole it has favored the family-sized farm. Roughly speaking, the national land policy falls into four periods. The central idea in the first period, which predominated from 1784 to about 1820, was to convert the national domain into an asset for paying the public debt and meeting the running expenses of the government. As a policy it was a failure, but it did lay the foundation for a few very large land holdings just west of the Alleghanies. Land was sold in any amount above the minimum fixed by law, which was at first set at 640 acres. This policy was not even remotely concerned with the promotion of the proper sized farms.

The second period is often called the "pre-emption period" and was the foundation of many of the doctrines peculiar to the West. It was at best a more or less extralegal method of taking the land, which was later legalized. The squatter farms varied in size but, as a rule, they would be classed as family farms.

The third period which began with the enactment of the Homestead Law in 1862 may be said to have dominated our national land policy from that date down to about 1907. The homestead law granting each family 80 to 160 acres of land has been responsible for almost one-fourth of the total number of farms in the United States.

SIZE OF FARMS IN THE UNITED STATES

Size of Groups	Per cent
Under 20 acres	13.2
20 and under 50 acres	22.2
50 and under 100 acres	22.6
100 and under 175 acres	23.8
175 and under 500 acres	15.4
500 and under 1000 acres	2.0
1000 acres and over	0.8

There was no particular reason offered for selecting the 80 and 160 acre units as the homestead. In fact, the most important reason was perhaps the fact that such units offered an easy way to divide the section, the unit of the

national land survey. Fortunately, the homestead units fitted well the needs of farming in regions then available for settlement. When the better lands were taken no effort was made to enlarge the size of the homestead for the settlers who pushed into the poorer, and more arid lands, until they had failed in large numbers, and considerable pressure was brought to bear on Congress from the people in the west to make this necessary change. By a series of acts the grazing homestead has been evolved, but the one section of land granted for that purpose is entirely too small. Little effort has been exerted to really find the proper amount of grazing land required for a family ranch. A recent survey in a typical ranching region in Texas shows that the family ranch should contain from four to ten sections of land.[1]

The last period in the history of our land policy is usually known as the "conservation period." So far it has been concerned primarily with forest lands, mining lands, irrigable lands, and drainage lands. The Departments of Agriculture and Interior are interesting themselves in other phases of the national land policy at present, such as land settlement and land utilization, of which the size of farms is an important item. Much valuable data are now being gathered relative to land problems which bids fair to pave the way for a more scientific land policy for the future.

Factors Influencing the Size of Farms

A multiplicity of factors enter into the determination of the size of farms. These factors do not function exactly the same way under all circumstances. One factor may predominate in one instance and be without consequence in another situation. It often happens that some of the factors in a particular case tend toward large farms and others bearing on the same case, tend toward small farms. The scientist, agriculturist, and statesman must use the greatest

---

[1]B. Youngblood and A. B. Cox, *An Economic Study of a Typical Ranching Area on the Edward's Plateau of Texas.*

skill in weighing the relative importance of different forces and determine their policies after the most careful research and weighing of possibilities.

Physical Factors

Physical factors play a very large part in determining the size of farms. The more important of these are topography, soil, climate, and distance from the market. A level topography, poor soil, an unfavorable climate, and a long distance from the market require the most extensive agriculture, and demand the largest farms for most economic use. An uneven topography, rich soil, favorable climate and nearness to market present the conditions most conducive to small farms. The factors mentioned are found in every conceivable condition. In one instance the influence of a poor soil may be partially overcome by a favorable climate and nearness to market. In another instance the soil, climate and market may favor large farms operated by machinery, but the topography may be such as to prevent the growth of large farms by making the use of machinery impossible. The sizes of farms vary directly with the smoothness of the topography and the distance from the market, and they vary inversely with the fertility of the soil and the favorableness of the climate.

Economic Factors Play an Important Part in Determining the Size of Farms

The physical factors furnish the basis for agriculture. The desire for the fruits of toil furnish the motive power for the development of agriculture.

The type of agriculture pursued sets very definite bounds to the size of farms. If one is a small grain farmer, he must use, ordinarily, the improved machinery available if he is going to compete with other small grain farmers, which means he must have a comparatively large farm. If one is ranching he must have a certain minimum of stock if he is

to make ranching pay at all, and the stock will require a certain minimum area for pasturage. On the other hand, if one is raising such things as cotton or sugar beets where a great deal of hand labor is required, and very little machinery can be used in those operations most exacting of the time of the farmer, then a very much smaller sized farm will prevail.

The amount, kind, and distribution of labor are very important factors in determining the proper sized farms under a given set of circumstances. If the demand for labor is largely for the unskilled seasonal type, the limitation may be overcome by extensive importation as in the small grain regions. If the labor demand is for certain hours in the day as in dairying, farms tend very strongly to be regulated by the number of cows the family can milk, and the farmer has to adjust his type of farming to take care of the family labor power throughout the day.

The proper size of farms will vary directly with the amount of overhead expense. The introduction of costly machines tends not only to make the operation of a larger farm easier, but also to make larger farms economically necessary. Such a necessity may be overcome by applying the machine to the larger area by cooperation. As a rule, the introduction of such machines tends to increase the size of farms rather than foster cooperation because of the complications arising over the use of such machines cooperatively.

The size of farms tends to vary directly with all improvements which increase the area capable of being operated by an entrepreneur. The size of farms varies inversely with all improvements which tend to increase the productivity of the soil.

There are certain types of agriculture which respond greatly to the personal, sympathetic care of the operator, this is especially true in the care of certain types of domestic animals. It makes no difference to the stalk of wheat how, when, and by whom it is cut and hauled, but it does make a vast amount of difference to the dairy cow, how, when, and by whom she is milked. The Romans said: "The foot of the master is the best fertilizer of the land." It may be as truly

said that the hand of the master gives the most milk. To the extent, therefore, that the type of agriculture responds to the personal care and attention of the master, farms will tend to be limited by the ability of the individual to look after such details. . .

The rise in the price of the products of the land tends to bring about more intensive use of the land. This intensive use may be shown by a greater application of labor and capital in the same type of agriculture, or it may be the occasion of changing from an extensive type of agriculture, to one more intensive. In either case the rise in the price of the products of the land tends to lessen the size of farms.

The amount and quality of the machinery available for use in any type of agriculture have important effects on the size of farms. The effect of such influence will tend to increase the size of farms whether the effect of the machine is to make easier the peak load in either the process of cultivation and harvest or by taking away some preliminary marketing process that has been the limiting factor. The invention of the cotton gin took the task of picking the lint from the seed by hand from the hands of the farmers, and in turn made the limiting factor in the size of cotton farms the amount of cotton that could be picked from the stalks rather than the amount of lint that could be picked from the seeds. If a successful cotton picker were invented that could pick a bale of cotton per day, the amount of cotton that could be planted and cultivated would become the limit to the size of cotton farms. Under such conditions cotton farms would tend to increase to the size of farms in the corn belt.

The purely cotton farmer may never expect a labor income comparable with the corn belt farmer as long as the size of the cotton farm is measured by the amount of cotton the farmer and his family can pick with their own hands, and the size of the corn farm is measured by the amount of land a man can work with four mules. One is essentially a hand laborer whose earnings are measured by the physical ability of the man. The other multiplies his strength with machines and mules and claims an income in proportion to

the power used. The quicker the farmers of the South appreciate this fact, and adjust their business to provide for the use of more power, the quicker will agriculture be put on a paying basis.

The following table shows the comparative amounts of capital invested by farmers in a typical cotton region in Texas, a typical dairy region in Wisconsin, and a typical stock-farming region in Iowa, and the size of farms in each region.

Average Value of Farm Property in a Cotton County in Texas, a Dairy County in Wisconsin, and a Stock Farm County in Iowa, According to 1910 Census

Collin County, Texas	$ 5,140
Jefferson County, Wisconsin	10,287
Story County, Iowa	19,896

Comparative Sizes of Cotton Farms in Texas, Dairy Farms in Wisconsin, and Stock Farms in Iowa, According to 1910 Census

Size Groups of Farms		Per cent
Under 50 acres	Collin County, Texas	34.8
	Jefferson County, Wis.	22.2
	Story County, Iowa	12.4
50 and under 100 acres	Collin County	41.2
	Jefferson County	32.1
	Story County	18.2
100 and under 175 acres	Collin County	17.7
	Jefferson County	33.9
	Story County	39.8
Over 175 acres	Collin County	6.3
	Jefferson County	12.8
	Story County	29.6

The dairy farm is limited by the number of cows the family can milk and care for at the particular time of day such work is necessary. Men in the dairy business, and familiar with its every detail, confidently predict that if the milking machine is ever perfected it will double the size of dairy farms.

Not only is the quantity and quality of the work done by a

machine important, but the cost of the machine must likewise be taken into account. If it is expensive it will be in favor of large farms, if it is comparatively inexpensive and simple of operation, the larger part of the force of the influence may be spent in raising the general standard of agriculture in that particular field.

Moreover, there are some machines that may save labor in one department of the farm and increase it in another. In upper Wisconsin a man with one team can prepare the land and raise all the feed needed for all the cows he can milk in the time in which the milking must be done. Should such a man buy a gang plow and another team of horses to pull it he would probably have to reduce the number of cows kept for the care of the extra horses would interfere with the care of the cows. If a milking machine were devised to enable the dairy farmer to double the number of cows he could milk, it would probably become good business to buy a gang plow.

The size of the business capitalization is an important factor in determining the size of farms due to some peculiar problems of organization. The seasonal character of agriculture and the susceptibility of the routine to be interrupted by weather and other conditions present difficulties which have very largely over-balanced economies arising out of large scale production. It must be observed, however, that some types of agriculture show the effects of these limitations more quickly than others. Some types of agriculture lend themselves to the use of capital more freely than others. The capitalization of an agricultural undertaking has its greatest significance in comparing different units in the same general type of agriculture, and not in comparing market gardening with ranching or any other thus widely separated types.

Political Factors

Legislation may have, and has had a great influence in determining the size of farms. As already mentioned, homestead laws have had a profound influence in determining the

size of farms in the United States. To break up a farm once laid out and improved either by dividing it or by attaching it to another farm usually entails great loss. A well improved farm may, indeed, be likened to a precious stone which having once been shaped can not be altered without destroying a large part of its value. The size of farms may be determined by setting legal limits to the maximum and minimum sized holdings. Such desired limitations are more often secured by some particular use of the taxing power. The full rendition law properly enforced serves as a strong stimulus to break up large estates. An increment tax based on sales value greatly retards the breaking up of such estates. In Germany, where such a law prevails, it is not uncommon to see farms almost in the midst of a city.

Inheritance laws have had a large influence in determining the size of farms. The results of such laws are most clearly seen in England, Ireland and France. Laws of entail and primogeniture have likewise played an important role in the past, especially in England and Scotland in determining the size of farms.

The Influence of the Individual on the Size of Farms

The ultimate test of the proper sized farm is the ability of the farmer. Francis A. Walker assigns the pre-eminence of American agriculture to three causes: First, the vast area of virgin land; second, the popular tenure of land; third, the ability of American farmers. The men who work in the fields and on the ranches are the same kind of men who fill the professions or engage in mechanical pursuits and in commerce. The high average of intelligence of all and the unusual abilities of many emphasize the tremendous difference between the poorest and the best.

In a recent study made in Wisconsin[1] in one of her best dairy districts it was shown that the best class of men with virtually the same amount of labor handle four times as

---

[1]A. B. Cox, *Social and Economic Analysis of an Agricultural Community*. Ph.D. thesis, University of Wisconsin.

many cows as the lowest group of farmers in efficiency. The contrast would probably have been still greater had the size of farms readily adjusted itself to the abilities of the operators. As a result of inheritance, especially, there are men on 80-acre farms who would make more clear money on 40 acres. There are likewise men on 40 acres who might very easily handle 80 acres or even 120 acres. Ultimately the sizes of farms tend to adjust themselves to the abilities of men, but unfortunately perhaps, there is a considerable lag in that adjustment.

Methods of Determining the Size of Farms

There are three methods most widely used in determining the size of farms. The first is the experimental, or the try and fail, method. It is the climax of the doctrine of *laissez faire*. It has been the corner-stone of most land policies and is still in great favor in most countries of the world. The second method may be called the political method. It is used especially where governments have large public domains. The countries of the New World have been the big exponents of this method. The farms are standardized and ground out as homesteads, regardless of topography, soil, climate, and distance from the market or the abilities of men. In some respects it is the most wasteful method of parceling out land ever devised.

The third method of determining the size of farms may be called the scientific method. It recognizes the fact that the number of acres is a poor measure for the size of farms when their ability to maintain a family is the point to be considered. The size of farms under the scientific system is determined by experts in soils, crops, and economics. The method has not been extensively used but seems to be gaining rapidly in favor. California was the first of the United States to try it, and is highly pleased with her experiment. It is being used to a more or less degree in all European countries in adjusting themselves to their new economic and social conditions.

SUMMARY

History indicates very clearly that the problem of the division of the land is fundamental, even to the extent of national existence. Moreover, the consequences of having farms too small may be as serious and as likely to occur as having them too large. Under certain circumstances it may be necessary to reduce the farm below the minimum efficiency unit for social and political reasons. It is the idea, as John Stuart Mill expressed it, of giving the people a "stake" in the country.

There are many physical, social and economic factors contributing toward the establishment of the sizes of farms. The influence of these physical, social and economic forces may be very greatly modified by judicious political regulations and increased skill and power of the farm operators.

There are many farms in the United States which are too large, and probably more which are too small. The future social and economic welfare of the people of any country will be influenced very greatly by the extent of the success of the efforts of that country to prevent the too great accumulation of land in a few hands, or the excessive subdivision of the land.

It is a legitimate function of the state to take steps to prevent the evil consequences that must necessarily be the result of farms becoming either too large or too small.

THE FEDERAL TAX REVISION LAW OF 1921

E. T. MILLER

University of Texas

The Republican National Platform of June 10, 1920, had this, in part, to say about taxation: "The burden of taxation imposed upon the American people is staggering; but in presenting a true statement of the situation we must face the fact that, while the character of the taxes can and should be changed, an early reduction of the amount of revenue to be raised is not to be expected. . . . But sound policy equally demands the early accomplishment of that real reduction of the tax burden which may be achieved by substituting simple for complex tax laws and procedure; prompt and certain determination of the tax liability for delay and uncertainty; tax laws which do not, for tax laws which do, excessively mulct the consumer or needlessly repress enterprise and thrift."

The Democratic National Platform of July 2, 1920, said: "We condemn the failure of the present Congress to respond to the oft-repeated demand of the President and the Secretaries of the Treasury to revise the existing tax laws. The continuance in force in peace times of taxes devised under pressure of imperative necessity to produce a revenue for war purposes is indefensible and can only result in lasting injury to the people. The Republican Congress persistently failed through sheer political cowardice to make a single move toward a readjustment of tax laws which it denounced before the last election and was afraid to revise before the next election. We advocate tax reform and a searching revision of the war revenue acts to fit peace conditions so that the wealth of the nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditure. We demand prompt action by

the next Congress for a complete survey of existing taxes and their modification and simplification with a view to secure greater equity and justice in tax burden and improvement in administration."

The Democratic criticism of Republican inactivity in tax revision is partly deserved in view of the party composition of Congress during the past four years. In the Sixty-Fifth Congress (1917-1919) the Senate was made up of 53 Democrats, 42 Republicans, and 1 independent; the House was made up of 210 Democrats, 216 Republicans, and 9 independents. In the Sixty-Sixth Congress (1919-1921) there were in the Senate 47 Democrats, 48 Republicans and 1 independent, and in the House 191 Democrats, 237 Republicans and 7 independents. In the present Congress, or the Sixty-Seventh (1921-1923), there are in the Senate 37 Democrats and 59 Republicans, and in the House 127 Democrats, 307 Republicans and 1 Independent. The Republicans have been, therefore, in virtual control of the House since March 4, 1917, of the Senate and House since March 4, 1919, and of both the legislative and executive branches of the government since March 4, 1921. During neither the two nor the four-year periods preceding March 4, 1921, were there determined by the Republicans the lines of broad policy which should guide the party in revenue revision, and the present Congress convened with the party in power divided and uncertain about the course to be followed.

The only legislation of a tax character during this period was the Emergency Tariff. This was avowedly protective, and not revenue producing, in its intent. It was a political attempt to help the farmer, the prices of whose products had fallen and were still on the downward grade. The act has been a miserable failure from the point of view of its purpose. It became a law May 27, 1921. Its life has been extended to February 1, 1922, by the act of November 16, 1921.

So far as revision of the great revenue act of 1918 is concerned, the Republicans can not be too harshly criti-

cized for any failure in that respect up to the revision of November, 1921. It is doubtful if the Democrats could have done any better. Economic and political conditions in this country and throughout the world have been, and to a great extent still are, confused and abnormally bad. The Republicans have lacked unity within the party. During the course of the 1921 revision, there was a division of Republican sentiment in the House and the Senate; within the Senate itself the agricultural *bloc* was insurgent, and President Harding's views, as well as those of Secretary Mellon, did not meet with acceptance in some important particulars at the hands of the House and the Senate.

It is by no means certain that if the Democrats had been in unchallengable control of the government they too would not have been divided in sentiment as to the paths of revision. Secretaries Glass and Houston inveighed in their annual reports against the excess profits tax, but Representative Garner, the spokesman of the Democrats in the present House, expressed the opinion that this should be the last of the war taxes to be repealed, and in the Senate on October 25, Senator Reed's amendment proposing the indefinite retention of the excess profits tax received the support of 24 Democrats.

After the convening of the first session of the present Congress, the Senate Committee on Finance was the first of the revenue committees to break into the open on the revision question. Public hearings on the revision of the tax laws were held by the Senate committee, May 9-27, 1921. The public hearings were held by the House committee, July 26-29. Most of the Senate committee's time was given to hearing the proponents and opponents of the sales tax plan, for 457 of the 789 pages of the printed hearings are devoted to that proposed tax. The division of space between advocates and opposition is fairly equal. On the other hand, about only a half dozen pages of the 475 pages of the House hearings relate to that tax. The income tax and the excises claimed the major attention of the brief time allotted by the House committee to public hearings.

The House Committee on Ways and Means reported its bill on August 16, 1921, and it was passed by the House on August 20. After its passage by the House, Congress took a month's recess. The few days of consideration of the proposed measure by the House members is to be principally accounted for probably by the yearning of the members for a vacation and for a respite from the summer heat of Washington. The House bill was amended by the Senate Committee on Finance and was reported in the Senate on September 21. It was reamended and rereported September 26, and was passed in amended form by the Senate November 7, 1921. Two minority reports were offered out of the Senate Finance Committee. One embodied the views of the Democratic members of the committee. The chief complaint of the dissenting Democrats was that the majority bill afforded no present relief, because practically every change was not made effective until January 1, 1922. It may be said that this criticism of the original Senate bill was deserved, for as compared with the bill as it came from the House and with the bill that finally passed, it was chary with reductions taking immediate effect or effective January 1, 1921. The other minority report was submitted by Senator La Follete. His opinion of the bill is indicated by his characterization of it as "An Act to Untax Wealth and Penalize Industry and Enterprise."

As the House and Senate disagreed, the bill was sent to conference November 10. The House agreed to the conference report on November 21. Eleven Republicans, hailing mainly from the North Central States, voted against adoption, and 6 Democrats voted for adoption. The Senate adopted the report on November 23 by a vote of 39 to 29. Thirty-eight Republicans and one Democrat (Senator Broussard) voted in favor of, and 23 Democrats and 6 Republicans (Borah, Ladd, La Follete, Moses, Norbeck and Norris) voted against, adoption. The act was approved by President Harding on November 23. The Senate amendments to the House bill numbered 833. The conference committee recommended in its report that the Senate recede in the case of 7 amendments and that the House recede

in the case of 826. The overwhelming will of the Senate in the matter of amendments, the longer time given to public hearings by the Senate Committee on Finance and to the consideration of the measure by the Senate as a body indicates the commanding place the Senate now occupies in revenue legislation.

There were many differences between the bill as it was passed by the House and it was amended by the Senate, as may be judged from the 833 Senate amendments. Senator Penrose in submitting the conference report to the Senate said: "The revenue bill as it passed the Senate entirely changed the form of the House bill and modified its substance in many important provisions." Some of the principal points of difference related to the heights of the rates of the income surtax, of the corporation income tax, and of the estate tax. The maximum of the surtax fixed in the House bill was 32 per cent, which rate applied to the net income above $66,000, while that of the Senate was 50 per cent and applied to the net income above $200,000. The higher Senate rate was adopted. The House rate of 12½ per cent upon the net income of corporations was accepted as against the Senate rate of 15 per cent. The Senate yielded also in the case of its proposed increase of the maximum rate of the inheritance tax to 50 per cent, as compared with the existing and the House maximum of 25 per cent. It receded also in the matter of the Walsh amendment which was a proposed tax on gifts of property, the rates of which were graduated from 1 per cent on gifts between $20,000 and $50,000 up to 25 per cent on those above $10,000,000.

Much has been heard of a sales tax during the past year, and the futile efforts made in the Senate to get this tax adopted are of leading interest among the proceedings of the revision of the revenue law. Senator Smoot was the chief advocate of the sales tax. His plan of revision included this tax, a 10 per cent corporation income tax, a personal income tax whose maximum rate should be 32 per cent, and a capital stock tax. He offered at different times in the Senate proposals for a 3 per cent manufacturers' sales tax, a 1 per cent manufacturers' sales tax, and

a business sales tax of ½ of 1 per cent on gross sales exceeding $6,000 a year. Each proposal was decisively defeated, there being the solid Democratic opposition which was joined by from 17 to 22 Republicans. The defeat by the Senate of the proposal has not put an end to the agitation for this tax and its reappearance in Congress is practically certain.

The attempts of the Senate to increase heavily the federal tax on estates in excess of $10,000,000 and to introduce a tax on gifts which would supplement as it were the estate tax were defeated in conference, and this tax stands as it was enacted in 1918. Senator Penrose in his statement to the Senate upon presenting the conference report said in reference to the inheritance tax rates: "These increased rates, it was shown, could not bring in any additional revenue before the fiscal year 1924, and they would, if adopted, so stimulate the distribution or partition of estates before death and so break the values of the assets found in the largest estates, when sold in sufficient quantity to pay these heavy taxes, as actually reduce the collections. Moreover, it developed upon examination that the state inheritance taxes in some commonwealths now exceed 25 per cent, and that double or multiple taxation under state inheritance taxes is rapidly increasing."

Senator Penrose and his colleagues were rather belated in discovering the use by the states of this tax and the more or less confiscatory results of the existing state and federal systems. The action of the Senate in increasing the rate to 50 per cent of the amount by which the net estate exceeds $100,000,000 indicates that a majority of that body thinks that "swollen fortunes," to use the Roosevelt term, should be deflated and that federal taxation is the proper instrument for doing the puncturing. Strange as this philosophy is to America, even more remarkable is its adoption by the United States Senate. The continued employment by the federal government of any inheritance tax at all, let alone an unduly heavy one, is considered by the expert tax opinion of the country an unwarranted trespassing upon the field of state revenue. As early as 1907 the National

Tax Association expressed in a resolution its opinion that inheritance taxes should be reserved wholly for the use of the several states, and this opinion has been reaffirmed at subsequent association meetings. At the annual meeting held at Bretton Woods, New Hampshire, September 12-16, 1921, the association resolved, "That the estate tax should be recognized by Congress as a war measure only and should be repealed at the earliest possible moment."

Although defeated in the attempt to increase the inheritance tax rates, the Senate was successful in imposing its will in the matter of the surtax rates of the income tax. Under the 1918 law the maximum surtax rate was 65 per cent, and it applied to the net income in excess of $1,000,000. Except for 1918, when it was 12 per cent, the normal tax was 8 per cent. The total rate, therefore, on incomes above $1,000,000 was 73 per cent. Secretaries Glass, Houston, and Mellon were of the emphatic opinion that the high surtax rates were causing income to be diverted from industry into tax free securities. Secretary Mellon's specific recommendation was for no higher surtax than 32 per cent for 1921 and 25 per cent thereafter, and at a conference early in August between President Harding, Secretary Mellon and Republican leaders in the House these rates were agreed to. The House bill, however, made no change from the maximum surtax of 65 per cent for the year 1921, but did provide for a maximum of 32 per cent for 1922, and thereafter, on the net income in excess of $66,000. The House bill as amended and reported to the Senate by the Senate Finance Committee accepted the House maximum rate of 32 per cent, but reduced moderately the surtaxes applicable to income under $66,000. The agricultural *bloc* in the Senate rejected the 32 per cent maximum and succeeded in amending the bill so that the maximum surtax rate was 50 per cent of the amount of net income in excess of $200,000. The difference between the House and the Senate over the height of the surtax for 1922, and thereafter, was the most stubborn of the revision issues between the two bodies. President Harding recommended a compromise rate of 40 per cent, proposals for a compromise at 42 per cent were

also put forward, but the "insurgent" Republicans and the Democratic members of the conference committee would have no compromise. The House members of the conference committee finally went back to the House for instructions, and by a vote of 201 to 173 they were instructed to accept the Senate rate. Ninety-four Republicans, who were mainly from the North Central and Western States, 106 Democrats and 1 Socialist voted in favor of, and 170 Republicans and 3 Democrats voted against acceptance of, the Senate maximum.

The Excess Profits Tax

The Republicans in their national platform statement contemplated, for the immediate present, revision without reduction of taxation. But when this platform was adopted in June, 1920, the scope and heaviness of the financial depression which appeared in May, 1920, were not anticipated. When revision came to be actually undertaken the country was in a state of financial, industrial and commercial depression which has had no equal since that which followed the crisis of 1893. It was imperatively incumbent upon the Republicans, therefore, so to administer the finances of the government as to make possible an immediate reduction of the federal tax burden. At the August conference between the President, Secretary Mellon and Republican House leaders it was agreed that the repeal of the excess profits tax and of the higher income surtaxes should be retroactive to January 1, 1921. Except for the increased credits allowed to individuals under the income tax which became effective immediately upon the passage of the act, the 1921 act as drafted and passed postponed repeals and reductions becoming operative before January 1, 1922.

Foremost among the taxes repealed is the excess profits tax. For 1921 this tax continues as it stood in the 1918 law, and repeal goes into effect January 1, 1922. While no tax is popular with everybody, this tax has been exceedingly unpopular with both its payers and the Treasury officials. Its complexity, due principally to the invested

capital feature, has made it the most difficult one of all the war taxes for the Treasury to administer, and the most expensive and vexatious one to taxpayers. The application of the tax to corporations only was discriminatory; as between corporations, it favored the overcapitalized and larger ones; in many cases it was a cause of wasteful expenditures and of higher prices; and finally, it was failing in productiveness. Secretaries Glass, Houston, and Mellon advocated its replacement by some other tax. As a revenue producer during the years when the need of revenue was most urgent this tax was a success. It yielded, in round numbers, $2,500,000,000 for 1918; $1,320,000,000 for 1919; $750,000,000 for 1920 and the estimated yield for 1921 is about $450,000,000. The loss of revenue for 1922 due to its repeal is estimated at from $260,000,000 to $400,000,000, but the increase in the corporation income tax rate to 12½ per cent is expected to make up a part of the loss.

Taxes on Transportation, Communication and Insurance

The taxes on transportation and on insurance are repealed to take effect January 1, 1922. In the repeal of these taxes the House, the Senate and the President differed. At the August conference between the President and his party leaders the program agreed upon was the repeal, effective January 1, 1922, of one-half of the amount of the transportation taxes and the elimination of the remainder January 1, 1923. The House bill, however, provided for the repeal, effective January 1, 1922, of all the taxes on transportation and insurance. The Senate bill continued for 1922 the taxes on freight, passenger and Pullman charges at one-half the 1918 rates; repealed the taxes on the issuance of life insurance policies and on the premiums paid on other policies, and left unchanged the taxes on the use of express, oil pipe line, and telegraph, telephone, cable and radio facilities. The will of the House prevailed and the public is freed of the transportation and insurance taxes after December 31, 1921. The savings to the public by the

repeal of the transportation taxes are estimated at $270,000,000, and by the repeal of the insurance taxes, at $20,000,000.

Luxury Taxes

A large number of the excises, or the so-called luxury taxes, were repealed, to take effect on January 1, 1922. The articles which are hereafter untaxed are perfumes, cosmetics, and other articles used for toilet purposes, proprietary medicines and medicinal articles, musical instruments and records, sporting goods and games, chewing gum, electric fans, thermostatic containers, articles made of fur, toilet soaps, and toilet soap powders, picture frames, umbrellas, jackets and robes, waistcoats, hats, bonnets, hoods and caps, boots, shoes, pumps and slippers, neckwear, hose and stockings, men's shirts, pajamas, nightgowns, underwear, kimonas, petticoats and waists. The taxes on most of these articles were popularly called "nuisance" taxes, and their repeal is alike a relief to purchasers and to dealers. There remain the taxes on automobiles, motorcycles and the accessories of both, cameras, films and plates, candy, hunting and bowie knives, daggers, brass or metallic knuckles and the like, smoking articles, automatic slot machines, liveries, sporting garments, yachts, motor and pleasure boats. The only reduction of the tax on any of these was in the case of candy, on which the tax was changed from 5 per cent to 3 per cent. The taxes on these articles are to be paid, as under the old law, by the manufacturer, producer or importer. The so-called luxury articles which continue to be taxed are carpets on the sale price in excess of $4.50 per square yard, rugs on the amount in excess of $6 per square yard, trunks on the amount in excess of $35 each, valises and other travelers' articles on the amount in excess of $25 each, purses and bags on the amount in excess of $5 each, portable lighting fixtures and lamp shades on the amount in excess of $10 each, and fans on the amount in excess of $1 each. In the cases of trunks and travelers' articles, purses and bags, portable lighting fixtures and lamp shades the maximum

price above which the tax applied was lowered as compared with the old law. The rate of the tax, however, which applies to the excess of the specified price, was lowered from 10 per cent to 5 per cent, and the tax is to be paid by the manufacturer, producer, or importer, and not by the purchaser, as was the case under the old law. Unrepealed and unchanged as to rate, which remains at 5 per cent, are the taxes on purchases of jewelry, watches, clocks, opera glasses, lorgnettes, field glasses, etc. Unrepealed also, but with the rate reduced from 10 per cent to 5 per cent, are the taxes on sculpture, paintings, statuary, art porcelains, and bronzes sold by any person other than the artist.

The savings to the public by the repeal or the reduction of the above taxes are estimated at $8,000,000 on perfumes, cosmetics, toilet soaps, and proprietary medicines; at $12,000,000 on musical instruments; at $4,000,000 on sporting goods; at $1,000,000 on chewing gum; at $8,000,000 on candy; at $9,000,000 on fur articles; at $700,000 on art works; at $300,000 on electric fans; at $200,000 on thermos bottles; and at $18,000,000 on the so-called luxury articles—a total of $61,200,000.

Taxes on Admission and Dues

The taxes on the amount paid for admission to any place remain practically the same as under the 1918 law, the only change being that where the amount paid for admission is 10 cents or less no tax is levied. The taxes on club dues and initiation fees are unchanged.

Taxes on Beverages and Tobacco

There are few changes in the taxes on beverages, and from the point of view of the general public the most important one is the repeal of the tax on soft drinks, ice cream and like articles. Taxes upon sirups and carbonic acid gas intended for use in connection with soft drinks and refreshments take the place of the repealed tax. It is estimated that $26,000,000 will be saved to the public by the repeal or other changes of the non-alcoholic beverage taxes.

The taxes on cigars, cigarettes, tobacco, snuff and cigarette paper are unchanged.

Capital Stock Tax

The rates of this special excise tax are unchanged, but insurance companies are hereafter exempted from this tax.

Stamp and Miscellaneous Taxes

The stamp taxes on issues of bonds and stocks, on promissory notes, deeds, etc., remain unchanged, with the important exceptions that the taxes on domestic parcel post packages and on surety and indemnity bonds are repealed. It is estimated that the saving to the public by the repeal of the parcel post tax will be $20,000,000, and of the surety and indemnity bond tax, $2,000,000. The miscellaneous occupational taxes, the tax on the employment of child labor, and the tax on narcotics remain as they were.

The Individual Income Tax

The changes in the income tax were numerous, but most of them have only a clarifying effect. The changes which are of material benefit to the largest number of taxpayers are those which increase the allowance for dependents to $400 each and which increase the personal exemption to the head of a family or to a married person living with husband or wife to $2500, unless the net income is in excess of $5000, in which case the exemption shall be $2000. These increased credits go into effect immediately and will afford substantial relief to a host of small taxpayers. The savings on account of the increased exemption for dependents are estimated at $30,000,000, and those by reason of the increased credit to heads of families at $40,000,000.

The House bill as amended by the Senate Finance Committee carried the new provision that "the income received by any marital community shall be included in the gross income of the spouse having the management and control

of such community property, and shall be taxed as the income of such spouse." Senator Broussard of Louisiana offered an amendment, which was adopted, which struck out this provision. Its elimination is of particular importance in the fourteen Western and Southwestern states which, under the influence of the Spanish law, provide that the income of husband and wife is community property. The preceding Attorney General of the United States has ruled that in such states one-half of the entire income is returnable as belonging to the wife. The effect of this treatment of community income is to lessen the surtax to which large incomes in certain states are liable. Louisiana and Texas are two of the states which have community property laws which make it possible for husband and wife to make separate returns of each's share of the community income.

A new provision in the income tax law is that every individual or husband and wife living together having a gross income of $5000 or over, regardless of the amount of the net income, shall make a return which shall specify the items of gross income and the deductions and credits allowed. The new law also specifically excludes from gross income, and thereby exempts from taxation, the rental value of a dwelling house furnished to a minister of the gospel as part of his compensation. Another new exemption is that of as much as $300 of dividends or interest received by an individual from domestic building and loan associations. This exemption is to last to January 1, 1927. It is intended to help relieve the house shortage throughout the country.

The new law contains other constructive features which have the effect of reducing the individual income tax. These relate to the treatment of net losses and of bad debts and to the taxation of capital gains. Heretofore each taxable year stood by itself and the excess of the net loss over the net income could not be carried over to the next succeeding taxable year. The new law provides that any such excess may be carried over to the next succeeding year and that if there still should be an excess of loss it may be carried over to the next year. This provision applies to any taxable

year after December 31, 1920. The benefit of this provision is not accorded to corporations. Heretofore deductions for bad debts could be made only for debts definitely ascertained to be worthless and which were charged off within the taxable year. The new law authorizes the Commissioner of Internal Revenue to permit to individuals and to corporations a reasonable reserve for bad debts, and if the Commissioner is satisfied that a debt is recoverable only in part, he may allow such debt to be charged off in part.

The new plan for the taxation of capital gains is the result of a compromise between the House and the Senate over the taxation of corporations, and the provision adopted is one which appeared in the original House bill. By capital gain is meant the taxable gain from the sale or exchange of property acquired and held by the taxpayer for profit or investment for more than two years. Heretofore capital gain has been subject to the full income tax. The new law, however, limits the tax to 12½ per cent. Corporations are excluded from the benefits of this provision. This new method does not become effective until January 1, 1922. It is one of the major changes made by the new revenue law. Previous methods of taxing capital gain have in frequent cases prevented the transfer of properties to others who were more capable of developing them. They were an obstacle to industrial development which the new method removes. It is estimated that the savings to taxpayers by the limitation of the tax to 12½ per cent will be $20,000,000.

The Corporation Income Tax

Besides the repeal of the excess profits tax, the principal changes made by the new law in the taxation of corporations are the increase of the corporation net income tax rate from 10 per cent to 12½ per cent, the limitation of the exemption of $2000 to corporations whose net income is not above $25,000, and a new plan of taxing insurance companies. In this connection may be mentioned also the new provision that where banks and other corporations pay taxes for their stockholders, they may deduct such payments in making

their income tax returns. The stockholders whose taxes are so paid may not make a similar reduction in making their returns.

Heretofore insurance companies have been taxed under the income tax in the same manner as any other business, though certain special deductions were specified for them. There was considerable litigation and more complaint under the old law. The new law exempts insurance companies from the excess profits tax of 1921 and the capital stock tax and makes special provision for their taxation as corporations. Life insurance companies are taxed at the corporation income tax rate on the basis of their investment income from interest, dividends and rents, less certain deductions. Other insurance companies, except mutual, are taxed on the basis of their investment and underwriting income, less certain deductions.

The old law sought to guard against incorporation merely as a means of evading the income surtaxes. Doubts arose as to the constitutionality of the old provision, so the new law amends the provision and prescribes an additional income tax of 25 per cent upon corporations of this character.

New provisions relating to the incorporation of individual or partnership business and to the exchange of property for other property remove features of the 1918 law against which there was much complaint on the ground that what was often taxed was merely paper profits. Provision is also made for the repeal effective January 1, 1922, of the tax on the stockholders of a personal service corporation with respect to undistributed profits and for the taxation of this kind of a corporation in the same manner as other corporations.

Administrative Provisions

The period within which the assessment of additional tax may be made and for suit therefor is reduced from five years to four years, except in case of fraud. The five year limitation period is retained, however, for the 1917 and 1918 acts.

Provision is made for the payment of interest by the government on the overpayment of taxes. A Tax Simplification Board is created to investigate the procedure of and forms used by the Bureau of Internal Revenue, and to make recommendations in respect to the simplification thereof. It is to be composed of six members, three of whom are to represent the public and are to be appointed by the President, and three are to represent the Bureau and are to be appointed by the Secretary of the Treasury.

Financial

The total reduction in taxation effected by the new bill is estimated at $835,200,000 for 1922. In view of this reduction, the act of 1922 is properly entitled "An Act to Reduce Taxation." It is estimated that the act will produce $3,216,100,000 in the fiscal year 1922 and $2,611,100,000 in the fiscal year 1923. The budget of federal expenditures for 1922 requires that for that year about $3,200,000,000 should be raised by internal taxes. The ordinary needs of the government during the next two years amounting to about $4,000,000,000 each year are provided for by the new tax bill, customs duties and miscellaneous non-tax sources, and, in addition, a reasonable reduction in the public debt is to be made. The new tax bill is, however, according to the late Senator Penrose, "A transitional and temporary measure." Agreement may also be given with his further statement that while it "does not place the tax system on a stable or scientific basis," it is better than the law which it supersedes, "because of the reduction of the tax burden and the technical or administrative improvements which it effects."

DIVISION OF LATIN AMERICAN AFFAIRS

HERMAN G. JAMES, ASSOCIATE EDITOR

THE JUDICIAL DEPARTMENT IN THE LATIN-AMERICAN CONSTITUTIONS[1]

ETHEL M. CRAMPTON

Northwestern University

A supreme court is created in eighteen of the Latin-American constitutions. The constitution of Chile provides that "There shall be in the Republic one judicial authority with the directive, correctional, and economical superintendence of all the tribunals and courts of the nations, in accordance with the law determining its organization and attributes."[2] The constitution of Guatemala has the laconic provision that "The judicial power is vested in the judges and tribunals of the Republic,"[3] without further specification. In Argentina, Bolivia, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Haiti, Honduras, Mexico, Nicaragua, Panama and Peru the highest court is called the "Supreme Court"; in Brazil, "Federal Supreme Court"; in Paraguay, "Superior Court"; in Salvador, "Supreme Court of Justice"; and in Venezuela, "Supreme Federal Court."

---

[1]For other articles in this series see Vol. I, p. 380 and Vol. II, p. 161.

Constitutions used: Argentina, September 15, 1860, amended to March 15, 1898; Bolivia, October 17, 1880, amended to November 10, 1888; Brazil, February 24, 1891, amended to June 26, 1893; Chile, May 25, 1833, amended to April 27, 1905; Colombia, August 4, 1886, amended to 1905; Costa Rica, December 7, 1871; Cuba, February 21, 1901; Dominican Republic, June 20, 1896; Ecuador, December 23, 1906; Guatemala, December 11, 1879; Haiti, October 9, 1889; Honduras, September 2, 1904; Mexico, 1917; Nicaragua, March 30, 1905; Panama, February 13, 1904; Paraguay, November 25, 1870; Peru, November 10, 1860; Salvador, August 13, 1886; Uruguay, November 25, 1917; Venezuela, April 27, 1904.

[2]Constitution of Chile, Art. 104.

[3]Constitution of Guatemala, Art. 85.

In addition to the supreme court, various other courts are mentioned in the different constitutions: for example, superior district tribunals in Colombia; district courts in Bolivia; courts of accounts in the Dominican Republic; courts of appeal and justice courts in Haiti; courts of appeal in Honduras; circuit and district courts in Mexico and the office of attorney-general; superior courts and justices of the peace in Peru; "chambers of first, second and third instance" in Salvador; appellate courts and judges of first instance in Uruguay. Besides these courts whose organization is more or less definitely set forth, there are many courts mentioned by name, but whose organization and jurisdiction are not provided for by the constitutions of these states. As in the United States, the constitutions of Argentina, Brazil, Colombia, Honduras, Panama, and Paraguay also authorize the establishment of inferior courts or tribunals. In Colombia, the senate is expressly granted "certain judicial functions" without specification; in the Dominican Republic a judicial court is to be established in each district and a mayor with judicial power in each commune; in Haiti, tribunals of commerce and military tribunals are to be provided; in Nicaragua, a court of appeals is authorized; in Uruguay, justices of the peace; and in Bolivia and Venezuela, other tribunals and courts may be established.

Unlike the constitution of the United States which bounds the jurisdiction of the supreme court, the constitutions of almost all the Latin-American countries either state in a general way the cases which come before the highest tribunal, or leave the jurisdiction to be determined by law. The constitution of Argentina most closely follows that of the United States in that it gives to the supreme court exclusive and original jurisdiction in cases affecting foreign ambassadors, ministers and consuls and cases in which a province is a party. In Bolivia and Paraguay the jurisdiction of the supreme court is practically alike; in the former state, the court is given jurisdiction over all cases of "pure law, decisions as to the constitutionality of law, or decrees of any

kind"; and, in Paraguay, the court is granted exclusive jurisdiction in "matters subject to litigation" and conflicts between inferior courts. Five states, Costa Rica, Ecuador, Guatemala, Panama and Peru, leave the jurisdiction of all tribunals to be determined by "law," while the constitutions of Chile and Uruguay give to the highest court "directive, correctional, consultative and economic supervision of all the tribunals of the nation." In addition, in the latter state, the high court of justice decides all cases of violation of the constitution, offenses against the law of nations, admiralty cases, and treaties with foreign powers. In five other states, Colombia, Cuba, Honduras, Nicaragua, and Salvador the supreme court has appellate jurisdiction over cases of writs of error, the adjusting of jurisdiction between two or more districts of a state, or two states, all cases to which the nation is a party, impeachment of federal officials and admitting lawyers to practice in the respective states. In the Dominican Republic the supreme court has original jurisdiction over impeachment cases, cases affecting foreign diplomats, cases of conflicts between states, appeals from military courts and courts of first instance. In Haiti the supreme court has final jurisdiction over cases of conflict in jurisdiction, and it may revise the decisions of military tribunals. The supreme court of Brazil has original jurisdiction over many of those cases which may be tried in the inferior courts of the United States and afterwards appealed to the supreme court; and it has appellate and final jurisdiction over four kinds of cases: (1) when the validity of a federal law is questioned; (2) when the validity of a state law in relation to the constitution is questioned; (3) *habeas corpus;* (4) in case of the disposal of the estate of a foreigner.

In seven states, Bolivia, Brazil, Colombia, Haiti, Honduras, Nicaragua and Venezuela, the supreme court tries impeachment cases. Five states provide for gratuitous dispensation of justice—Bolivia, Cuba, Honduras, Nicaragua and Panama; and an equal number demand publicity for judicial proceedings—Bolivia, Haiti, Mexico (unless public morality demand secrecy), Peru and Uruguay.

In two states only, Bolivia and Salvador, the constitutions make some provisions regarding the powers of lower courts. The district courts of Bolivia have power to try officials of the municipalities and subprefects. Judges of the inferior courts are appointed by the supreme courts from names submitted by the district judges. In Salvador, "courts of second instance" may decide cases of jurisdiction between courts, administer justice, grant writs of "amparo,"[1] administer the oath to inferior judges, appoint solicitors for the poor, and district attorneys, and investigate accusations against functionaries in regard to whom the supreme court decides whether they shall come to trial or not.

In addition to the regular courts three constitutions provide for a federal officer called an attorney general, to aid in the dispensing of justice. In all three of these states, Bolivia, Mexico, and Venezuela, the attorney general is appointed by the president—in the last state with the consent of the senate. Bolivia fixes his term at ten years and makes him subject to removal by the supreme court. His qualifications and duties are prescribed by law. In Mexico he must possess the same qualifications as the chief justice of the supreme court, and is the legal advisor of the government. He may personally intervene in all matters in which the

---

[1]Constitution of Salvador, Art. 101; also Constitution of Mexico: *Annals of American Academy of Political and Social Science*, Vol. LXXI. May, 1917, translation and notes by H. N. Branch. See note, Art. 107.

"*Amparo:* This unique feature of Mexican (also Salvadorean) jurisprudence combines the essential elements of the extraordinary writs of *habeas corpus*, *certiorari* and *mandamus*. It is a federal procedure designed to give immediate redress when any of the fundamental rights of man are infringed by any authority, irrespective of category, or to excuse the obedience of a law or decree which has invaded the federal or local sphere. Its use is most extensive, embracing minors, persons absent abroad acting through a 'next friend,' corporations, etc. An important feature is that it merely gives redress to a specific person or entity, and never makes any general statement of law. It could, hence, never declare a law unconstitutional, though it would give immediate relief, so soon as the law in question acted upon any person."

	COURTS	APPOINTMENT	QUALIFICATIONS	NUMBER OF JUDGES
ARGENTINA	(1) Supreme	(1) By president	(1) Lawyer; 8 years' practice in national courts and qualifications of senators	(1) 5
	(2) Four courts of appeal	(2) By president	(2)	(2) 3
	(3) Courts of first instance	(3)	(3)	(3)
	(4) Provincial judiciaries	(4)	(4)	(3)
BOLIVIA	(1) National supreme court	(1) By chamber of deputies upon nomination by senate	(1) Bolivian by birth or naturalized 5 yrs.; 40 yrs. old; 5 yrs. in superior courts, or 10 yrs. practice	(1) 7
	(2) Superior (one in each dep't.)	(2)	(2)	(2)
	(3) provincial and parochial cts	(3)	(3)	(3)
BRAZIL	(1) Federal supreme court	(1) By president	Citizens of notable learning and reputation eligible to senate	(1) 15
	(2) One federal judge in each state	(2) By president; recommended by senate		(2)
CHILE	(1) National supreme court	(1) By president upon nomination by council of state	Determined by law	(1) 10
	(2) Six courts of appeal	(2)		(2)
	(3) Minor courts	(3)		(3)
COLOMBIA	(1) Supreme court of justice	(1) Nominated by president and elected by congress	(1) Colombian by birth, 35 yrs. old, served in superior courts or 5 yrs. law practice or professor of law	(1) 9
	(2) Superior court in each dep't	(2) Elected by supreme court from nominations by departmental assemblies	(2) 30 yrs. old, citizen, 3 yrs. practice	(2)
	(3) Minor judges	(3)	(3)	(3)
COSTA RICA	(1) National supreme court (Corte Plena in full session) divides for ordinary cases into	(1) Elected by congress	(1) Citizen for 4 yrs., 30 yrs. old, 5 yrs. law practice, $3000 capital or bonds. Not belonging to ecclesiastical state	(1) 11
	(2) Courts of appeals	(2)	(2)	(2) 5
	(3) Inferior courts	(3)	(3)	(3) 3
CUBA	(1) National supreme court	By president with consent senat	(1) Citizen by birth, 30 yrs. old, 10 yrs. law practice in Cuba, or teacher of law	Fixed by law
	(2) Six superior courts		(2)	
	(3) Courts of first instance		(3)	
	(4) Minor Courts		(4)	
DOMINICAN REPUBLIC	(1) Supreme court of justice	(1) Elected by congress	(1) Citizen, 30 yrs. old, 6 yrs. practice. Lawyer admitted to bar	(1) President two ju
	(2) Procurador fiscal general	(2) Appointed by president	Same for all except no practice required	(2) 1
	(3) Twelve civil and criminal courts	(3)		(3)
	(4) Courts of first instance	(4)		(4)
	(5) Justices in communes	(5)		(5)
	(6) Two courts of appeal	(6)		(6)
ECUADOR	(1) Supreme court	(1) Elected by congress	(1) Citizen, 35 yrs. old, 8 yrs. practice	(1) 5
	(2) Six superior courts	(2) Elected by congress	(2) 30 yrs. old, 5 yrs. practice	(2) {2—6 {4—3
	(3) Court of accounts	(3) Elected by congress	(3)	(3)
GUATEMALA	(1) National supreme court	(1) Elected by people	Judge: citizen, 21 yrs. old, lawyer, not belonging to ecclesiastical state.	(1) 5
	(2) Six courts of appeal	(2) Elected by people		(2) 3
	(3) Minor courts	(3)		(3)
HAITI	(1) Supreme court	(1) Appointed by president	(1) 35 years old	(1)
	(2) District and municipal courts	(2)	(2) 21 years old	(2)
	(3) Courts of special jurisdiction	(3)	(3) 21 years old	(3)
HONDURAS	(1) Supreme court	(1) Elected by popular vote	Judge: lawyer, citizen, 30 years old	(1) 5
	(3) Municipal courts	(2) Appointed by supreme court		(2)
	(3) Justices of peace	(3) Elected by popular vote		(3)
MEXICO	(1) Supreme court	(1) Elected by congress	(1) Citizen, 35 yrs. old, graduate in law, good repute, 5 yrs. residence in Mexico	(1) 11
	(2) Circuit courts	(3) Appointed by supreme court	(2)	(2)
	(3) District courts	(3) Appointed by supreme court	(3)	(3)
NICARAGUA	(1) Supreme court of justice	(1) Elected by legislature	(1) Citizen, 25 yrs. old, lawyer, not belonging to ecclasiastical state	(1)
	(2) Three courts of appeal	(2)	(2)	(2)
	(3) District and local courts	(3)	(3)	(3)
PANAMA	(1) Supreme court	(1) Appointed by president	(1) Citizen, 15 years in Republic, 10 yrs. practice in law, graduate in law	(1) 5
	(2) Superior court	(2) Appointed by supreme court	(2)	(2)
	(3) Circuit courts	(3) Appointed by supreme court	(3)	(3)
	(4) Municipal courts	(4) Appointed by circuit court	(4)	(4)
PARAGUAY	(1) Superior court	(1) Appointed by president with consent of senate	Judges: citizens, 25 years old, ordinary learning	(1) 3
	(2) Two courts of appeal	(2)		(2)
	(3) Minor tribunals	(3)		(3)
PERU	(1) Supreme court	(1) Elected by congress upon nomination by president	Determined by law	(1)
	(2) Superior courts	(2)		(2)
	(3) Courts of first instance	(3)		(3)
SALVADOR	(1) Supreme court of justice	(1) Elected by national assembly	Judges: native citizens, 30 yrs. old, lawyer of well known honesty and learning, 4 yrs. practice or 2 yrs. practice for judges of first instance	(1) 3—Fir ins 4—sec
	(2) Court of third instance	(2) Elected by national assembly		(2)
	(3) Courts of first instance	(3) Appointed by supreme court		(3)
	(4) Courts of second instance	(4) Elected by national assembly		(4)
	(5) Minor courts	(5) Appointed by judges of first instance		(5)
URUGUAY	(1) Supreme court	(1) Elected by national assembly	(1) 10 yrs. practice, 40 yrs. old, qualifications of a senator	(1)
	(2) Two courts of appeal	(2) Appointed by supreme court	(2) Citizen, 8 yrs. practice, or 6 yrs. magistrate	(2)
	(3) Lower courts	(3) Appointed by supreme court	(3)	(3)
VENEZUELA	(1) Supreme court. Cassation	(1) Elected by congress	(1) Venezuelean by birth, 30 yrs old, lawyer	(1) 7
	(2) Superior courts	(2)	(2)	(2)
	(3) Courts of first instance	(3)	(3)	(3)
	(4) District—municiual courts in state	(4)	(4)	(4)
	(5) Federal district, and municipalities	(5)	(5)	(5)

A ..... indicates absence of infor mation in the respective constitution or bulletin. Table compiled from constitutions and latest bulletins of Pa

POINTMENT	QUALIFICATIONS	NUMBER OF JUDGES	TERM	METHOD OF REMOVAL
	(1) Lawyer; 8 years' practice in national courts and qualifications of senators..	(1) 5	(1) Good behavoir...	(1) Impeachment.
	(2)	(2) 3	(2)	(2) Same.
	(3)	(3)	(3)	(3) Same.
	(4)	(3)	(4)	(4) Same.
of deputies upon nomina- nate	(1) Bolivian by birth or naturalized 5 yrs.; 40 yrs. old; 5 yrs. in superior courts, or 10 yrs. practice	(1) 7	(1) 10 years	By final judicial decision. Suspension determined by law.
	(2)	(2)	(2)	
	(3)	(3)	(3)	
recommended by senate	Citizens of notable learning and reputation eligible to senate	(1) 15	(1) Life	
		(2)	(2) Life	By judicial sentence; impeachment.
upon nomination by coun-		(1) 10		
	Determined by law	(2)	Good behavior	For cause "legally declared."
		(3)		
president and elected by	(1) Colombian by birth, 35 yrs. old, served in superior courts or 5 yrs. law practice or professor of law	(1) 9	(1) 5 years	
preme court from nomina- partmental assemblies	(2) 30 yrs. old, citizen, 3 yrs. practice	(2)	(2) 4 years	By judicial decision.
	(3)	(3)	(3)	
ongress	(1) Citizen for 4 yrs., 30 yrs. old, 5 yrs. law practice, $3000 capital or bonds. Not belonging to ecclesiastical state	(1) 11	(1) 4 years	
	(2)	(2) 5	(2)	
	(3)	(3) 3	(3)	
ent with consent senat	(1) Citizen by birth, 30 yrs. old, 10 yrs. law practice in Cuba, or teacher of law	Fixed by law	Fixed by law	Not without a hearing; no transfer without consent of judge.
	(2)			
	(3)			
	(4)			
ongress	(1) Citizen, 30 yrs. old, 6 yrs. practice. Lawyer admitted to bar	(1) President and two judges		
president	Same for all except no practice required	(2) 1		
		(3)	All serve 4 years	
		(4)		
		(5)		
		(6)		
ongress	(1) Citizen, 35 yrs. old, 8 yrs. practice	(1) 5	(1) 6 years	
ongress	(2) 30 yrs. old, 5 yrs. practice	(2) {2—6 / 4—3	(2) 6 years	By judicial sentence, suspended by judicial decree.
ongress	(3)	(3)	(3) 6 years	
eople	Judge: citizen, 21 yrs. old, lawyer, not belonging to ecclesiastical state.	(1) 5	(1) 4 years	
eople		(2) 3	(2) 4 years	
		(3)	(3)	
president	(1) 35 years old	(1)	(1) Life	
	(2) 21 years old	(2)	(2)	For cause legally proved. Impeachment.
	(3) 21 years old	(3)	(3)	
pular vote	Judge: lawyer, citizen, 30 years old	(1) 5	(1) 4 years	
supreme court		(2)	(2)	
pular vote		(3)	(3)	
ngress	(1) Citizen, 35 yrs. old, graduate in law, good repute, 5 yrs. residence in Mexico	(1) 11	(1) 4 years	
supreme court	(2)	(2)	(2)	For malfeasence. Impeachment.
supreme court	(3)	(3)	(3)	
gislature	(1) Citizen, 25 yrs. old, lawyer, not belonging to ecclasiastical state	(1)	(1) 6 years	
	(2)	(2)	(2)	
	(3)	(3)	(3)	
president	(1) Citizen, 15 years in Republic, 10 yrs. practice in law, graduate in law	(1) 5	(1) 4 years	
supreme court	(2)	(2)	(2) 4 years	By judicial sentence.
supreme court	(3)	(3)	(3) 4 years	
circuit court	(4)	(4)	(4) 1 year	
president with consent of	Judges: citizens, 25 years old, ordinary learning	(1) 3	(1) 4 years	
		(2)	(2)	
		(3)	(3)	
ongress upon nomination t	Determined by law	(1)	(1) 5 years	Suspension will result in criminal proceedings against judges.
		(2)	(2)	
		(3)	(3)	Impeachment.
tional assembly	Judges: native citizens, 30 yrs. old, lawyer of well known honesty and learning, 4 yrs. practice or 2 yrs. practice for judges of first instance	(1) 3—First instance 4—second	All 2 years	
tional assembly		(2)		
supreme court		(3)		
tional assembly		(4)		
judges of first instance		(5)		
tional assembly	(1) 10 yrs. practice, 40 yrs. old, qualifications of a senator	(1)		
supreme court	(2) Citizen, 8 yrs. practice, or 6 yrs. magistrate	(2)	Good behavior	
supreme court	(3)	(3)		
ngress	(1) Venezuelean by birth, 30 yrs old, lawyer	(1) 7	(1) 7 years	
	(2)	(2)	(2)	
	(3)	(3)	(3)	
	(4)	(4)	(4)	
	(5)	(5)	(5)	

titution or bulletin. Table compiled from constitutions and latest bulletins of Pan-American Union.

federal government is a party, or in cases affecting diplomatic agents or in controversies between two states. In Venezuela, he must be a native citizen, thirty years old and a lawyer. His term is two years and he may be re-elected. He renders decisions on matters of law whenever his opinion is requested by the president or the supreme court. He prefers charges against public functionaries, and appears as plaintiff in cases in which the nation has an interest to maintain, and as defendant in all suits brought against it.

From the table which follows it will be seen that each Latin-American state is provided with an organized judiciary composed of a supreme tribunal, an appellate court and inferior or justice courts. In seven states the judges of the supreme court are appointed by the president—in two of them with the consent of the senate; in eleven, they are elected by congress; and in only two, by popular vote. In five states, Argentina, Brazil, Haiti, Mexico and Peru, judges may not be removed unless by impeachment proceedings and in eleven states they may be only "legally" removed. In all the states a judge must be a citizen in full exercise of his rights, a lawyer of experience, and in three states, Costa Rica, Guatemala and Nicaragua, he may not belong to the "ecclesiastical state."

As regards compensation for members of the judiciary, the constitutions of nine states—Argentina, Brazil, Colombia, Cuba, Mexico, Panama, Paraguay, Uruguay and Venezuela—provide for salaries to be paid from the public treasury, according to "law," which shall be neither increased no diminished during the incumbency of the recipient.

In fourteen of the Latin-American states, congress has power to grant pardons, amnesties and commutations. In Ecuador the president, also, in conformity with law may exercise this right; and in Argentina, the president, upon report of trial courts may have the same power, except in cases of impeachment. Only one state, Uruguay, requires a two-thirds vote of congress for the granting of pardons; and one other state, Mexico, gives congress the pardoning

power provided the president and federal judiciary have reported favorably upon the pardon. In four states, Costa Rica, Cuba, Haiti, and Paraguay, the president only has the right to pardon general offenses, except that in Cuba he may not exercise his pardoning power in the case of a public official convicted of a wrong done in the performance of his duties. In Colombia no mention is made of pardons.

In eleven of these states some provision is made for trial by jury. The constitutions of Argentina and Brazil state that trial by jury shall be maintained in those states; in Haiti, Paraguay and Uruguay juries are provided for all criminal cases, as also in Salvador in places where a judge of first instance sits. In Nicaragua a jury trial is required in cases of graver nature than purely correctional ones; and in Mexico, when the penalty is greater than a year's imprisonment. In four states, Bolivia, Ecuador, Guatemala, and Salvador, juries are provided to take cognizance of cases of offense committed through the press.

In conclusion it may be added that only two crimes are defined in any of these constitutions: treason in three, and sedition in one. The definition of treason as given in the constitution of the United States, reappears in the constitutions of Argentina and Paraguay. In Bolivia it is defined as "complicity with the enemy in time of foreign war." The constitution of Honduras defines sedition as follows: "Every person or reunion of persons assuming without authority the representation of the people, arrogating the rights thereof, or speaking in its name, shall be guilty of sedition."[1]

---

[1]Constitution of Honduras, Art. 137.

NEWS AND NOTES

MAY—DECEMBER, 1921

ESTABLISHMENT OF THE CENTRAL AMERICAN FEDERATION.[1]—The reported ratification by Costa Rica of the Treaty of Union of San José, not having occurred, in spite of the signature of the treaty by the delegates from Costa Rica, there remained only Guatemala, El Salvador, and Honduras as ratifying countries. The Treaty of Union having stipulated that it should go into effect when ratified by any three of the signatory powers, a Provisional Federal Council was set up as provided in the Treaty and began functioning in Tegucigalpa, Honduras, the new federal capital, on June 17. The Congress of each of three states upon ratifying the treaty selected a representative on the Provisional Council. The Council itself chose as President Vicente Martinez, member from Guatemala, and as Secretary, Martinez Suarez of El Salvador. The third member was D. Gutierrez of Honduras.

The Council issued a call for a national Constituent Assembly to meet in Tegucigalpa on July 20 to draw up a constitution along the lines indicated in the Treaty of Union.[2] The Assembly completed its work on September 9, and on the same date the Provisional Council promulgated the new Constitution of the Republic of Central America, to become effective on October 1. On October 10 the new government was formally constituted and the three states of Guatemala, El Salvador, and Honduras ceased to exist as separate international units and were merged in the Republic of Central America. The individual state governments

---

[1]For the earlier steps in the formation of a Central American Federation, see *Southwestern Political Science Quarterly*, Vol. I, No. 4 (March, 1921), pp. 397 ff., and *Ibid*, Vol. II, No. 1 (June, 1921), pp. 73, 74.

[2]For a translation of the Treaty of Union, see *Southwestern Political Science Quarterly*, Vol. I, No. 4, pp. 398 ff..

remained for internal purposes and their presidents continued under the titles of chiefs of state. The first elections were held on October 30 to choose fifteen deputies and an equal number of alternates from each state for the national Chamber of Deputies. This equality of representation in the lower chamber was determined by the constitution until such time as a federal census could determine the proportionate representation of each state based on population. The area of the new state is about 100,000 square miles, and the population somewhere around 4,000,000. At the same elections there were also chosen by popular vote the members of the Federal Council or Executive to supersede the Provisional Council which had been charged with the installation of the new regime. El Salvador elected Francisco M. Suarez, Honduras chose Policarpo Bonilla, and Guatemala selected Dr. Julio Bianchi, minister from Guatemala to the United States and an active supporter of the movement for union. The new Federal Council was to begin functioning on February 1, 1922, while the legislature was to convene on January 15, 1922. Meanwhile the presidents of the three states were to convoke the legislatures in special session to elect the three senators and alternates from each state. The Federal District is to be represented by one senator and one deputy.

A disturbing occurrence took place early in December when President Herrera of Guatemala was imprisoned and ordered to leave the country. His overthrow is attributed to the action of a group of politicians opposed to the formation of the union. Curiously enough the overthrow of his predecessor, the dictator Cabrera, was alleged to have been caused, in part at least, by the bitter opposition of Cabrera to the proposal for the federation. What effect this revolution will have on the recently established and still somewhat insecure federal government, can not be foretold, but it has been predicted that it might defeat the consummation of the whole scheme. At the very least it imposes a most serious obstacle in the way of the smooth functioning of the new regime, which needed enthusiastic co-operation on all sides in the task of settling the difficult problems confronting it.

ARGENTINA

On May 27 in the course of the labor troubles which caused the government so much concern at Buenos Aires, the custom-house warehouses were burned with a loss of millions of pesos.

On June 9 there died at Buenos Aires Dr. Luis Maria Drago. He was author of the famous Drago doctrine denouncing the practice of European nations of collecting by means of armed force debts due to nationals of such nations.

Renewed efforts are being put forth by the federal government to attract immigration. Free land is given to settlers and the immigrants are housed and fed by the government until located as settlers or provided with jobs as laborers. All their baggage, agricultural machinery, and tools are admitted free of customs charges.

An anti-rent-profiteering law has been put into effect in Buenos Aires, prohibiting the raising of rents above the average charge before January 1, 1920.

A government loan of $50,000,000 at 7 per cent for two years has been subscribed by American financiers represented by the Chase National Bank.

In the revision of the penal code, the death penalty has been abolished, against the long-continued opposition of the senate.

BOLIVIA

A contract has recently been signed for the building of a railway from La Quiaca on the Argentine border to Otocha, which will complete the all-rail route from La Paz to Buenos Aires.

A request by Bolivia to the League of Nations secretary for a revision of the Treaty of 1904 with Chile[1] was tentatively put on the calendar for discussion on September 6. The Chilean delegation, however, threatened to withdraw

[1]See the *Southwestern Political Science Quarterly*, Vol. I, No. 2, (September, 1821), pp. 150 ff.

if the matter came up for discussion, and the proposal was tabled.

Jesse S. Cottrell of Tennessee has been nominated by President Harding as Minister to Bolivia.

BRAZIL

An issue of $25,000,000, twenty year 8 per cent bonds was sold in New York on May 16, and another similar issue on August 30. The money is to be used in the electrification of government railroads.

The Rhine-Elbe Union of Germany, one of the Hugo Stinnes corporations, has acquired large deposits of iron ore in the State of Minas Geraes.

Brazil now has thirty-five oil fields covering 25,000 square kilometers in the states of Alagoas, Pernambuco, Bahia, and Sergipe. Undeveloped oil fields are estimated as having a capacity of 500,000,000 barrels in the next ten years.

Contracts have been completed with the German Immigration Syndicate for the colonization of 3,000 German families in the northern part of the State of Rio de Janeiro, their passage money being advanced by the Brazilian government.

Candidates for president in the election to be held next March have already announced. The government candidate is Dr. Arthur Bernardon, and the opposition candidate is Dr. Nilo Pecanha.

A municipal ordinance of Rio de Janeiro, adopted on July 20, prohibits work in newspaper offices between 8:00 o'clock Sunday morning and 8:00 o'clock Monday morning, necessitating the discontinuance of Sunday afternoon and Monday morning newspapers.

An American engineering firm has received a contract to supervise the reclamation of Brazil's semi-arid states, particularly Ceara and Parahyba, by the construction of immense storage reservoirs in several of the valleys to impound the surplus rainfall in the wet season.

Imports into Brazil during the first six months of 1921 amounted to but little more than half as much as for the last half of the preceding year.

CHILE

Sr. Carlos Silva Cruz, Minister of War, and Sr. Daniel Martner, Minister of Finance were succeeded by Sr. Enrique Balmaceda and Sr. Enrique Oyarzun, respectively.

On July 25 the cabinet resigned after an adverse vote by the Senate on proposed concessions to an English nitrate transportation company. President Allessandri intrusted the formation of a new cabinet to Sr. Hector Laso, radical senator from Antofagasta.

Congress assembled on June 1. President Alessandri in his message emphasized the importance of holding the plebicite in Tacna-Arica, provided for in the Treaty of Ancon at the close of the war of the Pacific, as well as the necessity of settling all boundary controversies among the West Coast Nations of South America. Among government reforms advocated by him in the same message are included the creation of the office of vice-president, the complete separation of church and state, and woman suffrage.

Antonio Huneus, Chilean delegate to the League of Nations, resigned on July 2, upon the appointment of Augustin Edwards, Chilean Minister to Great Britian, as chairman of the Chilean delegation.

The national budget for 1922, sent on June 15 by the president to the Congress, amounted to 65,500,000 gold pesos and 320,000,000 paper pesos. Due to the decline in the export of nitrate, the export duties on which furnished a large part of the government revenues, the income of the government has been severely diminished.

The Westinghouse Company of Pittsburgh, Pa., has been awarded a $7,000,000 contract to supply the equipment for electrifying the central section of the Chilean State Railway.

COLOMBIA

The senate of Colombia on October 13 ratified the treaty with the United States, ratified on April 20 by the senate of the United States, providing for the payment of $25,000,000 in five instalments, in lieu of the rights lost by Colombia upon the recognition by the United States of the independence of Panama in 1903. The money will be used for railway development and other public improvements.

The Congress convened on July 20. The Conservatives have selected as their candidate in the elections for president to be held next year, General Pedro Ospina. The Liberal Party has selected Dr. Concha as its candidate. The Colombian cabinet resigned on September 4, in order, it was declared, to promote harmony between the executive and legislative powers.

COSTA RICA

The first gas well ever discovered in Costa Rica was brought in recently at Cahunite, with an estimated flow of 1,000,000 cubic feet daily.

Early in September Costa Rica assumed peaceful possession of the Coto district, which had been granted to Costa Rica by the Loubet award of 1900. This territory had been held by Panama in defiance of the award and was invaded by Costa Rica on February 21.[1] Armed forces of Panama drove out the Costa Ricans and war threatened between the two countries, but with the support of the United States government, Costa Rica regained control when Panama, yielding to necessity, but protesting against the action of the United States and of Costa Rica evacuated the territory on September 5.

---

[1]See *Southwestern Political Science Quarterly*, Vol. II, No. 1, (June, 1921), p. 74.

CUBA

President Zayas on May 10 announced his cabinet as follows:

Secretary of the Presidency, Dr. José Manuel Cortina.
Secretary of State, Dr. Rafael Montoro.
Secretary of the Interior, Dr. Francisco Lufriu.
Secretary of the Treasury, Sr. Sebastien Gelabert.
Secretary of Sanitation, Dr. Juan Guiteras.
Secretary of Public Works, Sr. Orlando Freyre.
Secretary of Justice, Dr. Erasmo Regneiferos.
Secretary of Public Instruction, Dr. Francisco Zayas.
Secretary of War and Navy, Dr. Demetrio Duany.

President Zayas, inaugurated on May 20, delivered his first message to the Congress on May 21. He advocated extensive reforms, including among others, ineligibility of the president for re-election, election of the president by direct vote of the people, the creation of a federal district with a special commission for the government of the capital, a new municipal organization for the larger cities, drastic reduction of the national budget, revision of the reciprocity treaty with the United States, the establishment of a national bank, and the reorganization of the army, with a special view to the reduction of the present annual expenditures of $6,000,000 for that purpose. General Crowder is reported to have suggested or approved of all of these proposed measures.

General José Gomez, former president of Cuba, and leader of the revolution against Spain, died in New York on June 13 at the age of 65.

The moratorium necessitated by the demoralization of the sugar market came to an end on June 15, and this was believed to mark the passing of the worst of Cuba's financial crisis.

DOMINICAN REPUBLIC

On June 14 a proclamation was issued through Admiral Robison, Military Governor of the Dominican Republic, announcing that military occupation by the United States,

effective since May, 1916, would be terminated as soon as a new government could be elected and set in operation, laying down specific conditions for the evacuation. Strong protests against these conditions resulted in some modifications of the original terms by the Department of State of the United States.

ECUADOR

Oil was reported to have been struck late in May at Santa Elena, 60 miles southwest of Guayaquil.

Congress convened on August 10. José Andrade was elected president of the senate, and Juan Mera, president of the chamber of deputies.

Ecuador refused to send representatives to the centenary independence celebration in Peru as a protest against recent boundary disturbances with that country.

MEXICO

On June 7 a decree was issued imposing a 25 per cent increase of export duties on petroleum to help meet payments on Mexico's foreign debt. American producing companies protested against the tax as confiscatory and suspended operations after the tax went into effect, but subsequently agreed to pay.

On June 8 the circulation or importation of foreign money other than gold was prohibited, beginning July 1.

By a vote of 35 to 4 the Mexican senate voted to prohibit the immigration of all alien labor, owing to the unemployment situation there.

For the fiscal year ending June 30, American exports to Mexico were double those of the preceding year, and six times as great as the annual average before 1918. They approximated in value $280,000,000.

Spain and Japan have been added to the list of nations that have recognized the Obregon government. The United States still withholds recognition and Great Britain and France are being guided by the action of the United States.

Drastic economies in government expenses went into effect on August 1. One involved a reduction of 10 per cent in all federal salaries, civil and military. Another provided for a reduction of the army, already reduced to 81,0000 officers and men, still further toward the goal of 50,000.

On August 30 the Supreme Court rendered a decision in the Texas Oil Company case, declaring that Art. XXVII of the Constitution of 1917 did not apply to lands legally acquired before May 1, 1917. The Court enjoined the Department of Commerce and Industry from denouncing or transferring rights to lands held by the company before that date.

The Congress opened on September 1 with a message from President Obregon in which he adhered to his refusal to sign a treaty with the United States as a condition of recognition.

The government has issued an invitation to all nations whose citizen claimed damages from Mexico as a result of the revolutionary period 1911-1920, to form an international claims commission to settle them. China, Spain, and Holland had up to September 1 accepted the proposal.

On October 5 Thomas Lamont of J. P. Morgan & Co., arrived in Mexico City representing the International Committee of Bankers to take up the problem of paying the interest of Mexico's foreign bonds, in default since 1914. No agreement could be arrived at, however, after conferences with Sr. de la Huerta, Minister of Finance, and President Obregon.

During the month of September Mexico celebrated the centenary of her independence, the climax of the celebration occurring on the 28th. Representatives from many foreign countries attended the celebration, and many foreign firms contributed exhibits to the exposition held in connection with the celebration.

NICARAGUA

Sr. Diego Chamorro has succeeded his uncle Emiliano Chamorro as president. The election was protested as un-

fair by the Liberal Party, but the new government has the support of the United States, which maintains a legation guard of marines in Managua. Sr. Emiliano Chamorro is now Minister of Nicaragua to the United States.

PANAMA

Protesting against the action of the United States in demanding conformity to the White award as to the Costa Rican boundary dispute, Panama sent envoys to the leading South American states with a request to intervene in the controversy. The Minister of Foreign Affairs, Sr. Garay, met with Secretary of State Hughes and President Harding in June, but no modification of the views of the United States government was secured.

PARAGUAY

Several thousand Mennonites from the United States and Canada, conscientious objectors in the late war, are about to settle in Paraguay under an agreement by the government there exempting them from military service and granting them 5,000 sq. miles of land for colonization.

President Gondra has resigned owing to a revolutionary movement by the followers of ex-President Schraeder.

PERU

On July 28 Peru celebrated the centenary of her declaration of independence with many special representatives from foreign nations present.

An August 13 a revolt of government troops occurred at Iquitos caused by six months arrears in pay.

Secretary of the Treasury Rodriguez Dulanto has introduced a bill for the creation of a national bank with a capital of 10,000,000 pounds.

The first of a group of 200 American farmer colonists arrived in Lima on September 6, on their way to the Pampa del Sacramento, along the headwaters of the Amazon.

The latest census figures issued on August 13 gave the population of Lima and the Callao district as 280,000. The largest foreign element was the Asiatic, represented by 4,600 Japanese and 4,400 Chinese.

SALVADOR

Salvador is facing economic ruin due to the decline in the prices of her exports, which have almost ceased. Unemployment is general and martial law has had to be declared for the preservation of order.

URUGUAY

A loan of $7,500,000 twenty-five year, 8 per cent bonds was floated in New York on August 8. The money is to be used for the establishment of a telephone system.

The President has submitted to the Congress a bill providing for woman suffrage and for all other legal rights enjoyed by men.

VENEZUELA

Two new radio stations are in construction at San Cristobal and Caracas, in addition to the four already in operation at La Guaira, Puerto Cabello, Maracay, and Maracaibo.

NEWS AND NOTES

EDITED BY FRANK M. STEWART
University of Texas

NOTES FROM ARKANSAS

PREPARED BY J. S. WATERMAN AND D. Y. THOMAS
University of Arkansas

The Forty-third General Assembly of Arkansas was in session from January 10, 1921 to March 10, 1921. This regular biennial meeting is limited by the state constitution to a session of sixty days.

Six hundred and ninety acts were passed in this session. Four hundred and forty-one of these acts were published in one volume entitled "Special Acts" and two hundred and forty-nine of these acts were published in a second volume entitled "General Acts." The two hundred and forty-nine general acts include about one hundred and twenty appropriation bills and about eighty-five acts which are of a general legislative nature. The remaining acts in the second volume could be more readily classified as special acts.

A brief summary of the special legislation shows that sixty-four road improvement districts were abolished, eighty-one road districts acts amended, and eight new road districts were created; sixty-seven acts were local school district laws; eleven acts were local waterworks district laws; twenty acts were drainage district laws; twenty-two acts were local stock laws; twelve acts were local fish and game regulations; and thirty-seven acts related to the salaries of county officers.

Of the eighty-five acts of a general legislative nature, not more than thirty need be noted as making fundamental changes in the laws of the state. Some of these acts of a general nature have already been mentioned.[1]

---

[1]See *Southwestern Political Science Quarterly*, Vol. I, p. 420.

AGRICULTURE.—An act to regulate the sale of agricultural seeds was passed. It provided that labels must be attached to the packages containing the seed and that these labels must show the name of the seed, the state where the seed was grown, the mixture in the package, and the name of the vendor. The inspection, sampling, and testing of these seeds were also provided for in this act.

An "Emergency Plant Act" was also passed giving to the state plant board increased powers to prevent the introduction of any insect, pest, or plant disease which may threaten the agricultural industry in the state.

CO-OPERATIVE ASSOCIATIONS.—The co-operative marketing act provides for the organization of co-operative associations for the purpose of marketing agricultural products. Co-operative associations may also be organized under this act for the purpose of manufacturing, selling, or supplying machinery to the members of the association. It is provided in this act that these associations are not combinations in restraint of trade nor illegal monopolies; nor shall the marketing contracts be considered as illegal, or in restraint of trade.

Another act permits the formation of co-operative associations, composed of not less than twenty citizens of the state, for the purpose of conducting any agricultural, dairying, mercantile, banking, mining, manufacturing, or mechanical business on the co-operative plan. Each member is to have one vote and no person is allowed to own more than ten per cent of the capital stock of such an association.

MUNICIPALITIES.—An act was passed providing for the creation of pension and relief funds for firemen and policemen for certain classes of cities. Other acts also provided for government by a city manager and a board of directors in cities of the first and second class, in case these cities decide to change their form of government. The act pertaining to the city manager form of government for cities of the first class provides for a civil service commission and for the recall of the directors.

SOCIAL LEGISLATION.—An act was passed providing for the care and education of blind children under six years of age. Children under six years are not admitted to the school for the blind.

An industrial reform school for negro juvenile delinquents was authorized. An act was passed to aid in the prevention of delinquency by enforcing compulsory school attendance, by better methods of probation, and by the supervision of parole cases from state institutions. The administration of this act was conferred upon the commission for charities and corrections, which was already in existence.

The juvenile court act was amended so as to extend the age of dependent and delinquent children to twenty-one years, whether married or single. The jurisdiction of the juvenile court had been limited to males not over the age of seventeen and females not over the age of eighteen. This act also provided for better methods for reclaiming juveniles from delinquency.

Provisions were made for an industrial welfare commission to aid in the administration of the minimum wage law of 1915. This commission is to be composed of the commissioner of labor and statistics and four other persons. Two members of the commission are to be women, and two members are to represent the employees. The members of the commission are to serve without pay. This commission is to have power to suspend the nine hour law for women in certain industries,, and to abolish the piece work or bonus system of payment, substituting a daily rate of wages for women when it is deemed necessary.

The quorum court of Pulaski County has added $5,000 to the mothers' pension fund, making the total for this year $15,000. During the past year 572 persons were beneficiaries of the fund, an average of about $45 per month. The maximum allowance is $10 a month, with $5 additional for each child.

In carrying out the provisions of the new juvenile court law, the governor has appointed Mrs. Catherine Gibson,

of Little Rock, as state supervisor of probation. She is now going over the state to aid in the organization of juvenile courts and to appoint local probation officers.

In September the Rev. Edward V. Ruskin, of the National Prison Welfare Association, visited the state for the purpose of organizing a branch of the association. He met with a hearty response and had the organization well under way before leaving.

The last legislature abolished the state penitentiary board and provided for an honorary commission, one member of which must be a woman. Shortly after the appointment of the new commission, the woman member, Mrs. Laura Conner, began pointing out evils and demanding reforms. She asked for the discharge of three wardens and a physician, but the male members of the commision declared her demands impracticable. By this time the public had become very much interested and Governor McRae asked the Jefferson County grand jury to make an investigation and also appointed a special committee to investigate. The grand jury soon reported that everything was all right, but the commission has not yet made its report.

TAXATION.—A tax of one cent for each gallon of gasoline or kerosene sold for the purpose of propelling motor vehicles over the highways of the state was passed. This tax is paid by the retail seller of the gasoline or kerosene to the county treasurer. The proceeds from this tax are divided between the road funds of the county where the tax is collected and the road funds of the state.

WOMEN.—An act was passed making the husband and wife, while living together, the joint natural guardians of their unmarried minor children. The husband and wife were given equal powers, duties, and rights in the custody and care of the person, education and estates of the children. By statute the father formerly had been the natural guardian of the children and was entitled to the custody of them. In case the husband and wife are living apart, the control of the person of the child is to be decided by the court, as may be to the best interest of all concerned, but

with the welfare of the child to be the primary consideration.

This act provided that the support of unmarried minor children is to be chargeable jointly and severally upon the property of the husband and the property of the wife.

Notes from New Mexico

PREPARED BY C. F. COAN
University of New Mexico

SENATORIAL ELECTION.—The recent senatorial election in New Mexico, September 20, 1921, resulting in the choice of Holm O. Bursum, Republican, is conceded as being an endorsement of the Harding Administration by New Mexico. Senator Bursum had been appointed in March, 1921, to fill the position left vacant by Senator Albert B. Fall's acceptance of a cabinet post. During the past ten years Senator Bursum and Secretary Fall have been leaders of the Republican party in New Mexico. The issue of reform in Republican politics in New Mexico has been raised by one of the Albuquerque papers and it has attacked Secretary Fall while supporting Senator Bursum as a medium of reform within the party. This creates a rather difficult party situation.

AMENDMENTS TO THE CONSTITUTION.—At the time of the senatorial election the people voted on eleven amendments to the state constitution. Four of these amendments were passed. Number one provides that women shall be permitted to hold political offices in the state. Number two makes it impossible for aliens, who can not become citizens, to own or lease lands. Number four exempts ex-service men and their widows from taxation in the amount of $2,000. Number eleven provides for the issuance of not more than two million dollars worth of state highway bonds in order to secure allotments of federal funds.

Amendment number one is a natural result of woman suffrage. Number two is unconstitutional because it violates the treaties of the United States with Japan and

China. Number four provides relief and reward for those who have served in the military forces of the United States and their widows. This provides a very liberal reward for those who own or can acquire property but does not aid the propertyless. However, it may have the effect of encouraging this latter class in procuring homes.

Among the amendments that were defeated were several that proposed a concentration of executive authority. They embodied some of the suggestions made by the special revenue commission. Amendment number six, if passed, would have made the governor's term begin with the first day of December and the meeting of the legislature on the first Tuesday of February. This provision was proposed in order to give the governor time to prepare a budget which was provided for in this amendment. It required that prior to the 15th of January all departments must submit to the governor a statement of past receipts and expenditures covering the two preceding years and an estimate for the appropriations for the two ensuing years. Twenty days after the opening of the legislature the amendment required the governor to submit a statement of revenues and of proposed expenditures. At the same time the governor should submit a general appropriation bill. It was provided that the legislature might increase the items relating to the judicial department but otherwise could not change the bill except by striking out or reducing the items. The legislature could provide by a special appropriation bill for its own expenses prior to the passage of the general appropriation bill, but no other special appropriation bill could be passed until action had been taken upon the general appropriation bill. This amendment also provided for supplementary budgets and supplementary appropriation bills based upon them. From the standpoint of scientific government, certainly this measure would have been an improvement upon past methods but probably not when considered from the outlook of the district party representative. The vote on this amendment was closer than any of the others that failed: 18,676 in favor of and 21,279 against, the adoption of the amendment.

Amendment number seven provided for greater executive control of the state public lands. Under present provision of the constitution, the state land office is administered by a commissioner elected for a term of two years. The amendment provided for a state land commission appointed by the governor.

Amendment number eight placed limits on taxation. Number nine gave towns the right to vote bonds at special elections. Number three was for the purpose of allowing the state superintendent of public instruction to hold office for more than two terms in succession and number ten would have made it possible for the county superintendents to hold office for more than two terms.

Amendment number five enlarged the powers of the state corporation commission. It provided that a decision should be enforced until a court decision had decided to the contrary and that the burden of proof should be upon the corporation.

These amendments in part were a result of the recommendations of the special revenue commission which was in favor of the short ballot system. Some of their recommendations for amendments did not pass the legislature and those that were submitted to the people such as creating a public land commission responsible to the governor, failed to receive a majority of the votes cast. The submission of amendments to the people does not seem a very effective manner of obtaining changes in the fundamental law of New Mexico.

The recommendations concerning the educational institutions of the state as made by the special revenue commission were not submitted to the people. These recommendations included opinions of experts advising consolidation of state educational institutions. Likewise the recommendations of the commission relative to the application of the short ballot to the whole system of assessing taxes were not submitted to the people in the form of an amendment. It seems almost futile to present changes to the people that are in line with the development of better government.

Either they do not take the pains to make themselves acquainted with the facts, or vote "no" from a natural tendency to be conservative.

Notes From Oklahoma

PREPARED BY MIRIAM E. OATMAN

Norman, Oklahoma

MUNICIPAL LEAGUE CONVENTION.—The eighth annual convention of the Oklahoma Municipal League was held in Oklahoma City on November 17, 18, and 19. The first session was devoted chiefly to business. The feature of the evening was a symposium on the regulation of public utilities. Dr. John H. Bass of the University of Oklahoma discussed the legal aspects of regulation; Mr. J. F. Owens, the general manager of the Oklahoma Gas and Electric Company, spoke on regulation from the viewpoint of the utilities; and Mr. Campbell Russell, chairman of the state corporation commission, explained the commission's attitude in regard to regulation.

On the second day the convention was addressed by several speakers, including Mayor E. R. Cockrell, of Fort Worth, Texas, who spoke on city building, and Dr. F. F. Blachly of the University of Oklahoma, who discussed the proper training of city managers. On this evening, as on the preceding one, the delegates were entertained at dinner by the board of commissioners of Oklahoma City. The dinner was followed by an informal discussion of municipal problems.

The last day's program was composed of a number of interesting addresses, among which may be mentioned a talk on the relation of the city manager to the public, by Mr. W. B. Anthony, the city manager of Walters, and a presentation of the work of public health nurses by Miss Rosalind Mackay, the Oklahoma City director of public health nursing.

The convention adjourned after the election of the following officers: President, W. B. Anthony, City Manager, Walters; Vice-President, Mayor C. E. Scott, Poteau; Secretary-Treasurer, F. F. Blachly, University of Oklahoma; Trustees: Mayor O. O. Coffman, Chickasha; Mayor C. E. Parker, Heavener; and Mike Donnelly, Commissioner of Finance, Oklahoma City.

LEGAL DIFFICULTIES AS TO MUNICIPAL BONDS.—The town of Haskell, in Muskogee county, recently issued about $277,000 worth of bonds to pay for street paving and the laying of water lines and sewers. The work is already done and the contractors are paid. The city attempted to levy a tax upon the adjacent property in order to pay the first instalment on its bonds; but petition was made for a restraining order, and the district court enjoined the collection of the tax, for the following reasons: The state constitution provides that no law shall be amended or revised or its provisions extended or conferred by reference to title, or to article and chapter; but that the portion of the law which is to be amended shall be published at length in the amending act. A law of Oklahoma (R. L. Okla., 1910, Art 12, Ch. 10) provides that cities of the first class may pave streets upon the petition of property owners, and may levy a tax upon adjacent property to pay for such improvements. In 1919 the legislature passed an act extending the provisions of this law to cities having a population of 1,000; but this act, instead of embodying within itself the provisions which were to be thus extended and conferred, simply mentioned the article and chapter of the law, thus violating the constitutional requirement.

This action of the court leaves the city with no means of raising money to pay for the bonds, which will be worthless to the bond-holders unless the higher courts reverse the decision. The case will be watched with interest by all small cities; and an outcome unfavorable to the city will doubtless have a depressing effect upon the sale of municipal bonds.

LAW ENFORCEMENT AND THE KU KLUX KLAN.—During the last few months there has been a growing feeling in this state that disregard for law has become so widespread and so defiant that immediate measures must be taken to combat it. Two methods have been adopted in dealing with this situation; the legal and the extra-legal. The county attorney of Okmulgee county brought suit against the sheriff, Lon Kuhn, for misfeasance and malfeasance in office, proved to the satisfaction of a jury that he had not only failed to enforce the law, but had been a party to violations of law; and convicted him. Ouster proceedings have been filed against George Coke, one of the county commissioners of Cherokee county, on the charge of paying a road contractor more than the contract called for. The chief of police at Ada, who is said to be neglecting his duties, is threatened with ouster proceedings unless he resigns from office. Ardmore, in Carter county, feeling that the situation was too grave to be handled by local authorities, held a mass meeting which selected a delegation of citizens to apply to Governor Robertson for help under the "attorney general's law" (Okla. S. L., 1917, Ch. 250). Elmer Fulton, assistant attorney general, was sent to Ardmore to investigate matters and to bring such suits as seemed necessary. Various other cities and counties are attempting "clean-up" measures with the help of the courts.

While these investigations and suits have been in progress, an extra-legal body, the Ku Klux Klan, has published warnings in many newspapers that it intends to end disregard for law by measures of its own. In Ardmore it published a page advertisement ordering lawbreakers of every sort to withdraw from the city. Similar warnings have been published in various parts of the state.

Newspaper comment is surprisingly lenient to this organization. Very few papers take the stand of the *Daily Oklahoman* of Oklahoma City, that an unknown irresponsible group of men are not the proper persons to deal with violations of law.

Many newspapers and prominent citizens take an indifferent or apologetic attitude; and it is only now and then that anyone seems to realize that the cure for lawlessness is not more lawlessness, but a stricter regard for law.

NOTES FROM TEXAS

PREPARED BY THE EDITOR OF NEWS AND NOTES

PRISON INVESTIGATIONS AND REPORTS.—Prison conditions and reform continue to be subjects of paramount interest to the citizens and government officials of Texas. The last quarter has witnessed some interesting developments in this vexing problem. These events may be discussed under (1) The Gatesville Reformatory Investigation, (2) The Governor's Tour of Inspection of the Prison System, (3) First Report of the Supervisory Board of Penitentiaries, and (4) The Pryor Removal Case.

I. *The Gatesville Reformatory Investigation:* On September 25, 1921, Dell Thames, an inmate of the State Juvenile Training School at Gatesville, was beaten and choked to death by Captain H. G. Twyman, military instructor at the school. Immediate investigation was begun of the circumstances surrounding the boy's death and the management of the institution by the Governor, acting through a special agent, and all the members of the State Board of Control, which has supervision over the school.

After several weeks of investigation the Governor recommended to the Board of Control that the superintendent of the school, C. E. King, be discharged. The Governor's reasons were that the death of the boy was the "outgrowth of the brutal and illegal methods used in punishing the inmates" and "because the confidence of the people in regard to the handling of the boys committed to this institution has been, for cause shaken, and that confidence which is necessary for the success of the institution, can not be restored under the direction of the present superintendent," and "the beneficient work of this institution will be greatly hampered for years to come unless a sweeping change is made in its management."

The Board of Control, by a vote of two to one, declined to dismiss the superintendent, Chairman S. B. Cowell and L. W. Tittle voting for his retention and Adam R. Johnson, Jr., voting for his dismissal. Reasons were given by each member for his vote. Chairman Cowell, who wrote the majority report, condemned "every act and circumstance which contributed to the death of Dell Thames," but made no attempt to pass upon the guilt or innocence of Twyman, held for the boy's death, leaving that to the courts. The report exonerated Superintendent King from any responsibility for the system of punishment that resulted in the tragedy, and further stated that "the school is rendering very valuable service to the State, under the direction of Superintendent King."

In supporting the majority report Mr. Tittle said, "The preponderance of evidence is favorable to the institution. There can be no doubt of the splendid work and accomplishment under the present management. Most all of the inmates are in support of this. Probation officers, county judges, teachers and others praise the present management in the highest terms."

Mr. Johnson dissented and voted for the dismissal of the superintendent and "at least half of the employees, including the chaplain." In his opinion the action of the majority of the Board was "an injustice to the unfortunate boys who are sent to this institution against their will. . . and to the parents whose boys are taken from them by the State and committed to this place of confinement under the guise of a training school, and a promise by the State that everything possible will be done to make out of those boys good citizens." Morals and good citizenship could not be instilled into their minds by the present brutal methods of punishment.

Apparently the exoneration of the superintendent by the Board of Control ended the incident and the Governor's recommendation for a change in the management of the institution had not been accepted. But on November 18, Superintendent King in a letter to Chairman Cowell of

the Board of Control resigned his office, to become effective in sixty days, as allowed by the law governing the institution. In his letter Superintendent King stated that "the mind of the public has been poisoned and the public does not feel that universal confidence in the management and conduct of the institution which is necessary if it shall continue to grow and be able to meet the ever increasing demands that are made of it." The other reason assigned was to relieve the Board from embarrassment. Responsibility for the state of public opinion was charged to the activities of the Governor.

The Board of Control accepted the resignation on November 29.

II. *Governor's Tour of Inspection of Prison System:* About November 20 Governor Neff began his second tour of inspection of the State Prison System. He was accompanied by the three members of the Penitentiary Supervisory Board, appointed by the Governor under the law which became effective on November 15. Representatives of the press were not invited. Upon his return to Austin after a trip of inspection of more than a week, the Governor announced that he would not make a public statement until the Penitentiary Supervisory Board had made its report. The Governor declared that the prison situation did not require a special session of the legislature and none would be called. A special session of the legislature was thought by some to be necessary to provide funds for the prison system, the legislature having refused to make an appropriation of $879,000 for current expenses for the system, because the Governor would not submit for legislative consideration the recommendations made by the joint legislative committee which investigated the prison system this summer.

Fifty-eight pardons were granted by the Governor on the trip and more were promised at Christmas.

III. *Report of the Supervisory Board of Penitentiaries:* The first report of the Supervisory Board of Penitentiaries, created by law of the Thirty-seventh Legislature, first called

session, which went into effect November 15, was made on December 10, upon their return from the tour of inspection with Governor Neff.

The Board noted many physical improvements in the system and saw much to commend in the present management of the prisons. A few excerpts from the report will indicate the nature of the findings of the Board regarding the care and welfare of the prisoners: "We believe that the health of the inmates throughout the entire institution is as good and perhaps better than that of a like number of people of their type anywhere outside of the prison, and the death rate is remarkably low."

"We found the clothing to be sufficient and comfortable . . . and the food to be abundant and in the main well cooked." "Since the present management abolished the chain there have been no cruel or unusual methods of punishment. . . . Under the present law there is no room for abuse of the use of the strap method of punishment, and we endorse it as a most salutary means of discipline in difficult cases." Efforts of the management to segregate the young prisoners from the old ones and the short-term men from the hardened criminals, and the effort to put into operation a system of education for the younger white convicts were commended.

The principal recommendation made by the Board relating to the treatment of prisoners was that the use of the dark cell and a restricted diet as a method of punishment be abolished. "We are opposed on principle to any method of discipline that might be so abused as to become a danger to health and even a menace to life." No substitute was suggested for this method of punishment, but suggestion of a more humane and effective method of punishment was promised as the commission progressed in its study of prison life.

Other recommendations include: The installation of an up-to-date X-ray equipment for diagnosis purposes in the main hospital at Huntsville; inspection of the entire prison body every three months and sending of suspicious cases

to the central hospital; more attention to be given to eyes and teeth of prisoners; appointment of a chief physician with supervision of all medical matters of the system; filling of abandoned wells and elimination of mosquito breeding places; extension of dairy industry so that it may be possible to supply every prisoner with at least one pint of sweet milk a day or a quart of buttermilk, and butter once a day; development of the poultry industry until it will supply all of the poultry and eggs for the system; religious services on every Sunday at every camp; and additional means of amusement and entertainment to be provided. Churches, societies, clubs and other organizations are urged to supply some form of entertainment and also to send magazines, books and periodicals to the library at Huntsville and to the various camps.

The three members of the Board signing the report are: Mrs. J. E. King, Chairman; Dr. J. T. Harrington, Vice-Chairman; and Homer D. Wade, Secretary.

The Board's observations regarding the prison system, particularly the number of things they commended in the management with reference to treatment of convicts, punishment, health, food, clothing, segregation, educational and spiritual welfare, differ greatly from the findings of the special legislative committee which investigated the prison system this summer.[1]

With such conflicting reports it is difficult for the average citizen to form any reliable opinion as to the conduct of prisons in this state.

IV. *Pryor Removal Case:* Prison Commissioner W. G. Pryor was removed from office on December 15 by order of the Twenty-sixth District Court of Travis County and Walker Sayles of Eastland was appointed by the Governor to fill the vacancy. Removal came as the result of a long fight made by the Governor to oust the commissioner. The Governor had requested Pryor's resignation on two occasions for being out of harmony with the chief executive and for wrong practices in office, but Pryor refused to resign, claiming that his office was constitutional and he could serve out

[1]See *Southwestern Political Science Quarterly*, Vol. II, pp. 194-196.

his term. At the instance of the Governor the legislature in special session this summer passed a law providing for the removal of prison commissioners by suit brought by the Attorney-General at the request of the Governor. Suit was brought and Pryor was temporarily removed from office. Application for permission to file petition for mandamus to compel the court to vacate the suspending order was refused by the Supreme Court.

Pryor admitted keeping boarders in the house furnished by the state in violation of Article 372 of the penal code of Texas.

It was the first case of its kind ever tried in Texas.

MOVEMENT FOR A SMALLER LEGISLATURE.—At a meeting held in San Antonio on November 14, proponents of a smaller legislature for Texas formed an organization to campaign the state to secure the adoption of a constitutional amendment to reduce the size of the Texas Legislature to forty members with adequate salaries to enable them to devote their entire time to legislation. Plans were made for a statewide organization, including branches in every county, to carry on a campaign of education and support, so that the proposal should become an issue in the election of members to the legislature. A statement of reasons for the proposed reduction in membership and the advantages to be derived from a smaller legislature was made as follows: "The Legislature as now constituted is composed of 158 members, who receive no salary whatever when the Legislature is not in session; and, when the Legislature is in session, the members can not, under the Constitution, receive pay of more than $5 per day for the first sixty days of each session and after that not exceeding $2 per day for the remainder of the session. The Legislature meets only every two years unless special sessions are convened by the Governor. Because of the fact that legislators are very inadequately paid, most of them are,very naturally, anxious to conclude a session of the Legislature as soon as possible; nevertheless, experience has shown that practically every legislator has at least one "pet" measure affecting the entire

State, and numerous local bills affecting his particular district, all of which he is anxious to rush through the Legislature before adjournment. And this situation results in the Legislature becoming, so to speak, a trading center where each member agrees to vote for the other member's bill if the other member will agree to vote for his. Consequently, it can be safely stated that only a very small per cent of the legislation enacted receives anything like mature consideration of more than one or two members of the Legislature. Of course, there are certain exceptions, but this is the general rule. Furthermore, due to the rush and confusion attendant upon a session of the Legislature, as now constituted, a large per cent of the laws enacted are passed without due reference to laws already in force and without the proper consideration of the wording of the law so as to make its meaning clear. And, as a consequence, the exact meaning of the acts of our Legislature are seldom known until the courts have spent several years in interpreting and clarifying the legislative enactments.

"There has been no attempt at revision of our State statutes since 1911, and there are now on our statute books many worthless and antiquated laws that should be repealed. There are also many laws that are conflicting which should be reconciled and clarified. There are a few laws very much needed for the better administration of governmental affairs. This deplorable condition of affairs is not being met by the Legislature as now constituted. We believe there are reasonable grounds for hoping that the changes we are suggesting will materially better the situation and it is for this reason, and no other, that we have begun a smaller Legislature movement.

"The Legislature as now constituted notwithstanding the exceedingly low pay of its members, is not in any sense economical. For instance, the Thirty-sixth Legislature appropriated for the pay of its members, employes and contingent expenses, approximately $500,000, while the present Legislature, which is the Thirty-seventh, has already

during the first six months of its two-year term appropriated approximately $375,000 for the purposes stated. An adequate salary could be paid forty legislators who would devote their entire time to legislative duties, and the expense to the State would be less than at present."

SPECIAL NOTICE.—A special meeting of the Executive Council of the Association was held at Austin, Texas, on November 15. Resignations of Dr. W. C. Binkley as Secretary-Treasurer and Professor E. B. Reuter as member of the Council were read and accepted. Professor J. M. Fletcher of Tulane University, Louisiana, was elected to the Council and Mr. Frank M. Stewart of the University of Texas, was appointed Secretary-Treasurer. It was decided to appoint a committee to prepare for the third annual meeting of the Association to be held at the University of Oklahoma next spring. It was the opinion of those present that a meeting of representatives of the social science departments of the Universities of the Southwest should be held to discuss the question of broadening the scope and policy of the Association.

A meeting of representatives of the social science departments of the University of Texas was held on November 22. The unanimous expression of the meeting was that it should be recommended to the next annual meeting that the name of the Association should be changed to the "Southwestern Political and Social Science Association," and that an effort be made to enlist the support of the other social sciences.

Favorable action on the proposal has also been taken by the social science faculties of the Universities of Arkansas and Oklahoma.

BOOK REVIEWS

OAKEY, FRANCIS. *Principles of Government Accounting and Reporting.* (New York: D. Appleton and Co., 1921. Pp. xi, 561.

Any one who has made a careful study of present day methods of governmental accounting and reporting in our cities and states is struck by the fact that as a rule accounts and reports are a mere collection of undigested figures which do not give the data needed by those interested in or those responsible for the conduct of government. Even if the proper information is given, as is sometimes the case, it is presented in such a form as not to be understandable by either the public, the legislative body, or the administrators connected with the carrying on of government operations. No one but a trained accountant can interpret the average report without further questioning those who prepared it. Mr. Oakey's book on the *Principles of Government Accounting and Reporting* marks a long step in the effort to overcome such a condition. A careful study of such a book by administrators and accountants engaged in governmental work should enable them to furnish all the information needed for the conduct of public affairs in such a clear and simple manner that it can be grasped and understood by one of ordinary intelligence.

The book approaches the problem of governmental accounting in four main ways:

a. What character of information is necessary?

b. What character of reports and financial statements will give this information in the simplest and clearest way?

c. The manner in which financial information is presented at the present time by our most progressive governmental organizations, city and state, and

d. A criticism of the manner in which such information is now presented.

It is the chapters dealing with the character of information necessary to produce accurate accounts and reports in

which Mr. Oakey makes the greatest contribution to governmental accounting and reporting. For instance, the nature of funds and the restrictions which they place upon government financial operations are here, and here alone, as far as the reviewer is aware, discussed as fully as they should be. His other chapters dealing with the problem of what information is necessary are equally illuminating. The writer does not confine himself in these discussions to merely the details of accounting, but takes up the broader economic and financial aspects of the problems which he handles.

In the chapters which deal primarily with the character of financial reports and statements, Mr. Oakey gives much sound advice as to the way in which different information should be presented. He does not, as is altogether too common a practice, engaged in by those who write on accounting, simply lay down certain hard and fast forms. The forms which he suggests have as their basis a real philosophy of accounting and reporting. While there are many accountants who might use forms different from the ones suggested or use different methods of handling various points of information, there are few who would not agree with the soundness of the principles which are evolved.

The reviewer doubts very much whether in a book of "Principles" all the illustrative matter, showing how cities and states now present their financial information and a detailed criticism of these methods, should be given. In the first place it makes the book bulky and hard to read. No one but a trained accountant, interested in actually establishing a particular kind of form, would be concerned with the detailed criticism of any particular form used by a certain city or state. In the second place, the methods used by the government units which furnish illustrative material are under a continual process of change. The examples here furnished were as a matter of fact collected several years before the book was off the press. If it was deemed necessary to include this illustrative material as well as a criticism of it, it should have been placed in the appendix. Without these numerous examples or with them relegated

to the appendix, the book would be much more permanent in nature and would also be much more readable for one interested in the theory of accounting.

Two or three criticisms of this excellent piece of work should be made. On page 383 ff., Mr. Oakey follows the Virginia expenditure classification showing "Objects of expenditure" verbatim without apparently noting the anomaly of the last two main items, "Extraordinary expense" and 'Rotary fund." Under the heading "Extraordinary expense" are given the items "Deficits, Interest and other expense." It should be manifest to anyone that a deficit cannot in any sense of the word be an "object of expense." It simply has to do with some funding operation. The money spent which caused the deficit certainly has already been accounted for under some "object of expense," such as personal service, supplies, materials, etc. If I go to town with ten dollars in my pocket and spend twelve in purchasing a hat, a pair of gloves and a shirt, the fact that I have spent two dollars more than I had in my pocket has nothing to do with the classification of my objects of expense. I may have had the two dollars charged, I may have borrowed two dollars from my friend or I may have written a check for the two dollars in order to settle the balance. I did not, however, by going into debt change in any way the "objects of expense." Likewise, interest incurred is interest whether incurred ordinarily or because of some "extraordinary expense."

Certainly impressing cash into a "rotary fund" is in no sense an expense transaction: it is simply a funding operation. Money has been taken from one fund and has been placed in another. Money expended from this "rotary fund" is expended for objects of expenditure, but the mere placing of money in a fund known as a "rotary fund" in no way affects expenditure.

On page 401 Mr. Oakey does not distinguish between refunding bonds and the providing for an amortization fund for the replacement of worn out property. He says, "Assuming that no steps are taken to provide, by annual instalments, resources to be used to replace property at the end

of its life, and that a sinking fund only is established to provide the means of retiring bonds issued in connection with the acquisition of permanent property, resort must be had to issuing new bonds when the property wears out or else the cost of replacement must be met out of current revenues.

"The result of consistently refunding bonds issued for capital outlays should be plain to every one. If, in order to acquire or construct each new or additional property, resort is had to borrowing, and, if also, the practice is followed of refunding bonds in order to replace worn out property, the debt will increase to such an extent that eventually no more bonds can be issued. Under such conditions the institution becomes, in effect, a tenant rather than an owner, since the interest payments and the expense of repairs may be considered as the equivalent of rent." Here, evidently, Mr. Oakey has failed to realize that borrowing capital to reconstruct a plant is not the same as refunding bonds, which is in its nature, as usually indulged in, a reborrowing upon the same plant instead of paying the debt when due. In other words, in refunding you borrow to pay the debt when due. In case a sinking fund has been established to pay the debt when due, the new borrowing is for a new plant. If the governmental unit had not established a sinking fund and had to both borrow to establish a new plant to take the place of the worn out plant and also had to borrow to pay the debt now due, Mr. Oakey's contention would be good. When a sinking fund is established, however, to pay the debt when due, it is hard to see how by borrowing to establish a new plant the institution is any worse off than it was at first.

These few places where criticism might be made do not in any way detract from the value of the book as a whole. It can be most highly recommended by the reviewer for any one who is concerned with or is interested in government accounting. The book should likewise prove of great value to administrative officers as it contains many principles of financial administration as well as an analysis of the kind of information they should have and the methods by which

it may be presented to them. The book would also do very well for a university text on governmental accounting.

University of Oklahoma. F. F. BLACHLY.

HUNTER, MERLIN HAROLD. *Outlines of Public Finance.* (New York: Harper and Brothers. 1921. Pp. xviii, 533.)

A new text in public finance is an event. With the exception of Professor Plehn's revised edition of his book, other texts are out of date and few in number. The rapid developments in this field impose a great burden upon its students and an especially onerous one upon those who essay to cover them in a book.

The theories of taxes and of other sources of public revenues, of public debts, expenditures and administration are fairly adequately covered in existing works. The crying need is that information about the application of these theories throughout the world should be assembled, digested, and presented in a volume. Professor Hunter's book does not meet this need. There is a marked lack of detailed information in the treatment of the different topics, particularly in the matter of the relative financial importance of each source of revenue. For a book to be practically helpful, it must be quite explicit in details of practice.

Though called *Outlines of Public Finance*, it is more than this. It is clearly designed as a text. But both in its material and its organization, it is rather obviously based upon secondary sources and existing texts. The chapter towards the close of the book entitled, "Financing an Emergency" has a precedent in another well known text, yet this isolated treatment of war financing is unsatisfactory and the material in the chapter might more usably be incorporated in previous chapters on taxation and public indebtedness.

The chapters on property taxes, property tax reform, the income tax, and the inheritance tax seem to the reviewer to be the best ones. For the general reader and the public official who are lacking a background in public finance, Professor Hunter's book will be very serviceable.

University of Texas. E. T. MILLER.

JAMES, HERMAN G. *Local Government in the United States.* (New York: D. Appleton and Co. 1921. Pp. ix, 482.)

The reviewer majored in government in college and took his doctor's work in government in a large university and yet during all of that time, as far as he can remember, he never heard a discussion on township and county government. This experience is not unique by any manner of means, for we have been so much interested in the national government, in European governments, constitutional law, city government, etc., that we have entirely neglected the poor little county. The result is that although in some of our western states, at least, we are expending nearly as much money in county government as we are expending on both city and state government, it so far has almost altogether escaped notice and criticism. Any one familiar with conditions in county government, however, knows that the reason for lack of criticism has not been due to the fact that the county above all other units of government is above criticism. Quite the reverse, for unless the reviewer is much mistaken more money is wasted on county government than on any other political institution.

It is the purpose of Dr. James' book on *Local Government in the United States* not only to supply a book which will meet this lack of information on county government but also to furnish the student with a picture of local government as a whole. To quote Dr. James' introduction, "The general reader will find here the entire field of local government presented to him as a connected whole. The college teacher who views the subject of local government as a logical whole will find herein a comprehensive text for a course based on that conception." It is not surprising, therefore, that in this work of some four hundred and eighty pages nearly three hundred of them should be devoted to the county and its subdivisions.

The author starts by tracing the development of local government in England and France and follows this with a chapter on the origin and development of local government

in the United States. The two chapters devoted to organization and functions of county government are followed by a chapter on the subdivisions of the county. City government is discussed from two viewpoints, organization and function. The final chapters are devoted to developments and tendencies of the past decade and to conclusions.

The work not only describes local government but, also, criticises it as it exists at the present time. Perhaps the weakest part of the work is due to the fact that more suggested reforms are not given.

The work throughout is logical and clear. It is as brief as it well could be and yet give a picture of the field covered. Perhaps it is even too brief in respect to city government to be of the most value for classroom use unless it is supplemented by the readings which are suggested. The reviewer is not at all sure, however, that for a text book it is not much better to have the work brief and almost in outline form and depend upon many supplemental readings rather than make it burdensome with details.

This book will do much to stimulate interest in county government upon the part of the citizen and will also furnish a very workable text for colleges and universities.

University of Oklahoma. F. F. BLACHLY.

COMMONS, JOHN R. *Trade Unionism and Labor Problems.* (New York: Ginn & Company. 1921. Pp. xiii, 838.)

As stated in the preface, "this book is a new edition, not a revised edition, of "Trade Unionism and Labor Problems," published in 1905. It is a collection of reprints, and so arranged as to serve the purposes of a text book. The selections include raw material, discussion, and theory.

In the Introduction, ix-xiii, Professor Commons sets forth the plan and the purpose of the book. In his words: the forty-five chapters have been "selected with a view to setting forth five principal aspects of labor problems. The first in importance is Security (Part I, Chapters I-VI), beside which all other problems are relative simple." "Western

Civilization is built upon security of investments, and it is the insecurity of labor that menaces it." The second problem, that of the Labor Market (Part II, Chapter VII-X) is closely related to security. The third problem, evidently placed in the order of its importance as conceived by the editor, is the part played in Labor Management by employers (Part III, Chapters XI-XXIII). Fourth is the part played by Labor Unions (Part IV, Chapters XXIV-XXXVI). Fifth is the part played by the state through legislation, administration, and judicial decision (Part V, Chapters XXXVI-XLV).

The selections are well chosen, and in the main are of sufficient interest and importance to justify their wider circulation through a volume of reprints. Teachers of introductory courses in Labor will welcome this collection of readings to supplement other texts and their own lectures.

University of Texas. W. M. W. SPLAWN.

KUNO, YOSHI S. *What Japan Wants.* (New York: Thomas Y. Crowell Company. 1921. Pp. 154.)

The list of wants of Japan in America, in the Pacific and in the East is rather ambitious. The author pleads for the elimination of race hatred, for honest diplomacy and for co-operation of the powers of the Pacific. He feels that the establishment of Japanese citizenship in Hawaii, the readjustment of the Yap question and granting of equal trade relations in the Philippines would largely solve the problems of the Pacific.

The author, while condemning the policy of his country in China, compares the annexation of Korea by Japan to the annexation of Texas by the United States, the position of Japan in Shantung to the position of the United States in Panama. The refusal of China to sign the Paris agreement relative to Shantung is compared to the refusal of Columbia to treat with the United States in regard to Panama.

To occidentals, Japan's democratizing tendencies are interesting. The extension of the suffrage, the loss of prestige of the imperial family, the bold demands of labor, the development of party government, the growth of the bourgeoisé and a revolt from the tyranny of Shinto and Buddhist priests are regarded as hopeful indications that Japan is in process of developing responsible cabinet government.

University of Texas. C. P. PATTERSON.

WILSON, GEORGE GRAFTON. *The First Year of the League of Nations.* (Boston: Little, Brown and Company. 1921. Pp. 94.)

This volume covers very briefly the organization of the League of Nations and the proceedings of the first ten meetings of the Council and the first meeting of the Assembly. After outlining the functions of the Secretariat, the author stresses the importance of the League by showing the rapid growth in the agenda of the Council. The larger portion of the book is devoted to the work of the first meeting of the Assembly. The chief significance of the League is regarded as its relation to international law rather than as an agent of diplomacy. Hence, the establishment of an international court of justice is held to be the League's most important accomplishment. The appendix contains a copy of the Covenant of the League.

University of Texas. C. P. PATTERSON.